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Fine,

Financial

Go,

Global

Sustainability
Report 2009

We aim to be a world-class
company, dreaming of
advanced financing

As Korea's only central securities depository,
Korea Securities Depository is a special corporation of
a public nature and takes the initiative in centralized
deposit and rationalized settlement of securities and,
in addition, seeks to facilitate the issuance and
distribution of securities.



Overview

The Goal of Sustainable Management Report

As the first issuance by Korea Securities Depository (KSD) on sustainable management, this Report is a testimony to KSD's endeavors for sustainable economy, environment and the society. It also features the achievements from such efforts with respect to each sector, economy, environment and the society, placing much emphasis on linkage between managerial strategy and sustainable management. To render it trustworthy, we had our achievement verified by independent authorities or via interviews and surveys and collected and reflected stakeholders' opinions on KSD's sustainable management.

Scope and Term of Observation

This report presents what we achieved during 3-year period from January 2007 to December 2009, yet containing those achievements prior thereto and during 2010 which we consider significant. Data impossible to collect as of the date of this Report are commented on reasons. This Report covers observations on the Head office and three branch offices (Busan, Daejeon and Gwangju), and Ilsan center. Prospectively, this report will be issued as updated every year.

The Standard Underlying this Report

This Report has been prepared based on GRI Guideline and GRI Financial Services Sector Supplement (FSSS). Based on the materiality evaluation by stakeholders, KSD selected indices for priority report, and disclosed achievements and plans in connection with disclosure on management approach (DMA) in the area of economy, society and environment as in the report.

Assurance of Report

To render this report accurate and reliable, we obtained assurance of its contents from an independent third party institution, the result of which is a part of this report, contained in the appendix. (p.41-42)

For more Information

Viewing this report is also possible at KSD homepage (<http://www.ksd.or.kr>). For any inquiry or more information, please contact us by phone or fax at the Department of Management Strategy of KSD.

2009 KSD Highlights

1 Company name changed under the new law

Since taking first step as Korea Securities Settlement Corporation in Dec. 1974, the Company has modified its name several times: from Securities Depository, Securities Depository Settlement, and finally to Korea Securities Depository pursuant to the Capital Market and Financial Investment Service Act of 2009.

2 Global Fund Investment Support System

In direct conjunction with Omgeo of U.S.A., an entity operating investment-backing network, KSD standardized international transaction and thereby succeeded in reducing settlement risk, enhancing stability and saving cost.

3 Internal Control System launched

We have built internal control system with the aim to protect this company and clients from various risks involved in securities depository settlement transactions as well as to enhance reliability as the central depository & settlement organization. With the self-disciplined internal control atmosphere deeply rooted, we expect to become an organization with zero management risk in the near future.

4 Finding Owners of Unclaimed (Dormant) Stock

In order to protect the stockholders' right to unclaimed stock, we staged a campaign of finding owners of unclaimed stock via access to resident registration network of the Ministry of Administration and Security, which saw dormant stocks of 225 billion won's worth returned to the right owners. We promise to keep doing our role as a public guardian of people's financial assets.

5 Fee Policy rearranged

We rearranged our commission charge system so that reasonable cost are counted in and the principle of at-the-cost-of-beneficiary is observed. Furthermore, we cut the commission dramatically to reduce transaction cost of market participants and alleviate financial burden involved in securities transactions.

6 Launched a charity foundation named Na-Num Foundation

To pursue our mission of social contribution on a consistent and systematic basis, we paid in 11.5 billion won and launched a charity foundation named KSD Na-Num Foundation in April 2009. Charity works undertaken by the Foundation includes financial education for youth in financially disadvantaged areas, financial aid for juvenile housemasters or students from the socially marginalized such as cross-cultural homes and foreign aid to underdeveloped countries with the goal of fostering locals into financial elites.

7 Donated 20 billion won to Smile Microcredit Bank

In Dec. 2009, we entered into a donation agreement and donated 20 billion won to the Smile Microcredit Bank, manifesting our being champion of redistribution of corporate wealth. The donated money will be used to help people in low-income, poor-credit class attaining financial independence.

8 Won the prize of Ethical Management Awards in Year 2009

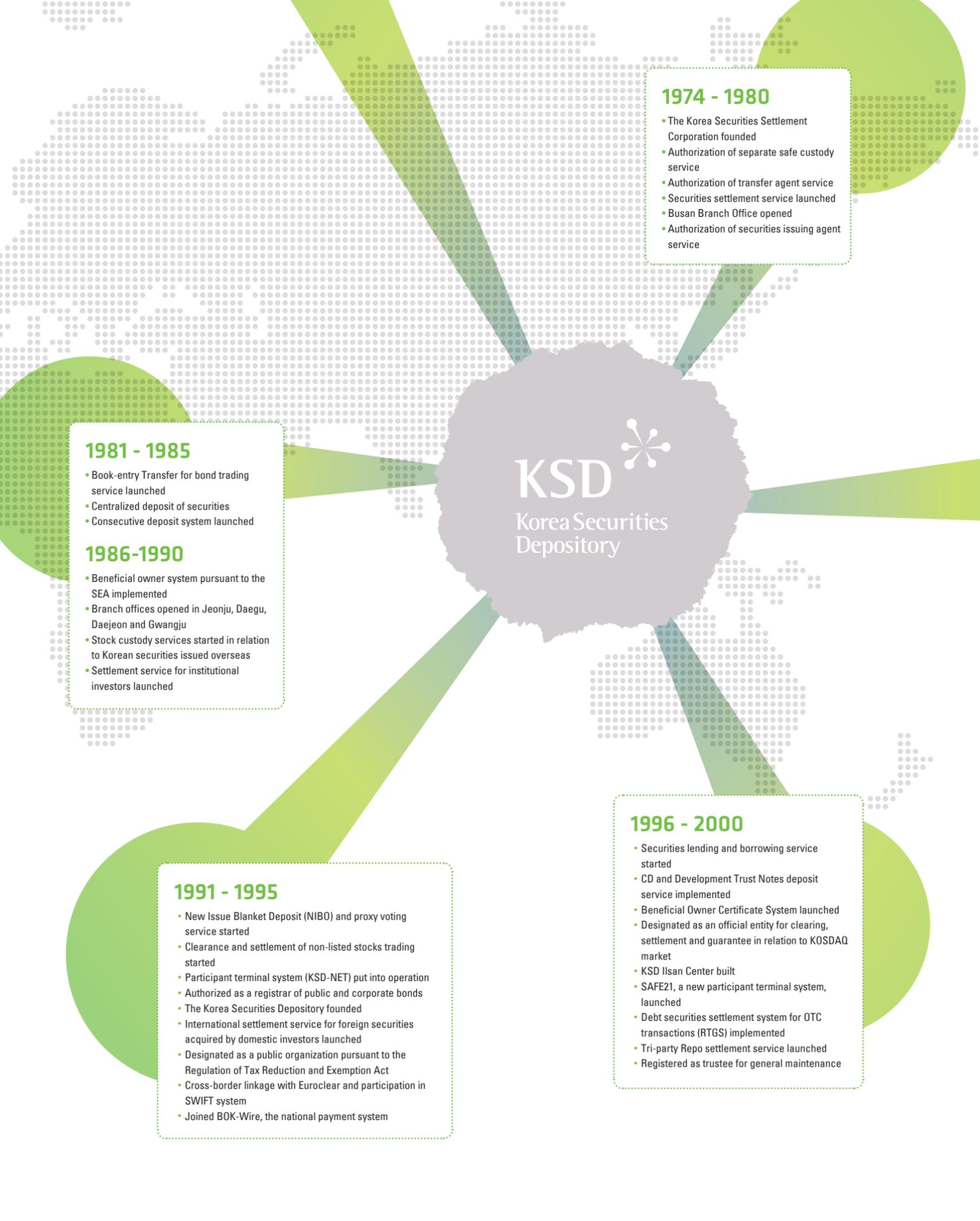
With our consistent and systematic efforts and accomplishments as manifested by 125 times of ethical management practice, 159 times of lectures on economy, 281 times of social service activities, and establishment of KSD Na-Num Foundation, we won in 2008 and 2009 in sequence the prize of Ethical Management Awards by the Korea Economy Business.

9 Won the prize of Social Contribution Corporate Awards in Year 2009

In parallel with our quadrupled social contribution strategy signified by love of the young, love of neighbors, love of rural communities, love of culture, our enthusiastic efforts at activities for social contribution where the CEO and entire company officers are directly involved were fully recognized. As a result, we won the prize of the Social Contribution Corporate Awards by Korea Economy Times for three consecutive years.

10 Selected as Superior Public Institution based on Customer Satisfaction in Year 2009

We were evaluated as "superior" by the Ministry of Strategy and Finance based on the customer satisfaction survey in 2009, a visible accomplishment resulting from our continuous endeavors to enhance services to the clients. Our maximized efforts to settle down customer friendly management will continue.



The infographic features a central grey cloud-like shape with the KSD logo and name. Five green lines radiate from this center to five white boxes with green dotted borders, each containing a time period and a list of milestones. The background is decorated with green circles and grey dotted patterns.

KSD
Korea Securities
Depository

1974 - 1980

- The Korea Securities Settlement Corporation founded
- Authorization of separate safe custody service
- Authorization of transfer agent service
- Securities settlement service launched
- Busan Branch Office opened
- Authorization of securities issuing agent service

1981 - 1985

- Book-entry Transfer for bond trading service launched
- Centralized deposit of securities
- Consecutive deposit system launched

1986-1990

- Beneficial owner system pursuant to the SEA implemented
- Branch offices opened in Jeonju, Daegu, Daejeon and Gwangju
- Stock custody services started in relation to Korean securities issued overseas
- Settlement service for institutional investors launched

1991 - 1995

- New Issue Blanket Deposit (NIBD) and proxy voting service started
- Clearance and settlement of non-listed stocks trading started
- Participant terminal system (KSD-NET) put into operation
- Authorized as a registrar of public and corporate bonds
- The Korea Securities Depository founded
- International settlement service for foreign securities acquired by domestic investors launched
- Designated as a public organization pursuant to the Regulation of Tax Reduction and Exemption Act
- Cross-border linkage with Euroclear and participation in SWIFT system
- Joined BOK-Wire, the national payment system

1996 - 2000

- Securities lending and borrowing service started
- CD and Development Trust Notes deposit service implemented
- Beneficial Owner Certificate System launched
- Designated as an official entity for clearing, settlement and guarantee in relation to KOSDAQ market
- KSD Ilsan Center built
- SAFE21, a new participant terminal system, launched
- Debt securities settlement system for OTC transactions (RTGS) implemented
- Tri-party Repo settlement service launched
- Registered as trustee for general maintenance

Contents

2006 - present

- Collateral management service for securities on deposit started
- CD issuance service through registration launched
- 'KSD Happy Makers', a social service group, founded
- Hosted CSD9
- Appointed as the settlement organization for stock exchanges and OTC markets under the Financial Investment Services and Capital Markets Act
- The aggregate market value of assets on deposit surpassed KRW 2,000 trillion.
- Secured status of chair nation in the Group of Experts on Cross-border Bond Transactions and Settlement Issues under ASEAN+3 Finance Ministers' Meeting
- Renamed to Korea Securities Depository
- Development of next generation system launched
- KSD Na-Num Foundation founded
- FundNet Global fund investment support service launched (Omgeo)
- Signed a contract with Euroclear for custody service
- EP and ERP System built

2001 - 2005

- Repo service started
- Settlement service for U.S. stocks traded by Home Trading System (HTS) launched
- KSD Yoido building constructed
- Secured call management services launched
- The aggregate value of securities on deposit with KSD surpassed KRW 1,000 trillion
- Public housing bond issuance through registration started
- Indirect investment deposit through registration started
- The Securities Museum opened
- Renamed to Korea Securities Depository
- SLB & Repo system exported to Thai market

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CEO's Message

Thirty-five years ago, Korea Securities Depository (KSD) began to provide securities deposit and settlement services and has played a role as a solid support for capital market ever since. As our capital market has grown and become globalized rapidly, KSD has made diverse efforts to realize its vision "Korea Securities Depository as global partner linking Asia and the world", based on its investment supporting services of international standards". In addition, KSD joined the United Nations Global Compact (UNGC) in 2008 and is now preparing for a new choice and concentration to enter into sustainable management in compliance with UNGC's 10 principles.

From economic aspects, KSD has established an automated overseas assets operating system for asset management companies through a linkage with Omgeo of the United States and also created international infrastructure for foreigners to invest in government bonds by signing custody agreements with international central securities depositories in 2009, thus contributing to globalization of our capital market. In addition, KSD is seeking to create digital-based electronic securities, electronic voting system and the next generation system to enhance the transparency and efficiency of capital market. At the same time, in order to return economic value to stakeholders, KSD has revised its fee system in conformity to international standards so that securities transaction costs can be reduced.

On social aspects, KSD continues to implement ethical management, customer satisfaction management and sharing management so as to share value with stakeholders. For these purposes, it has contributed 11.5 billion Korean Won to establish "KSD Na-Num Foundation" as a public service foundation for social contribution, thereby carrying out projects involving financial education and scholarship, and providing support to undeveloped countries. In particular, KSD has provided "visiting education" to 10,272 students in order to deliver financial knowledge to those children and youth who constitute a blind spot of financial education. Thanks to such social efforts, KSD was awarded 2009 Korea Ethical Management Awards and Social Contribution Corporate Awards.

On aspects of environmental management, KSD has engaged in positive activities to prepare against global warming, including conducting research activities together with external experts and holding seminars to build infrastructure for low-carbon and green growth and certified emissions rights, in relation to the proposed introduction of certified emissions rights market into Korea. In addition, it has carried out all activities it can do for that purpose, including diverse energy saving campaigns, purchase of eco-friendly goods and joining energy-saving projects initiated by the government. Besides, KSD will also plan to specifically set and control its quantified environmental targets and actively expand its carbon neutral activities in the future.

Through its sustainable management report which will be issued this year for the first time, KSD will define 8 groups of stakeholders having direct or indirect impacts on its managerial activities. KSD will also diversify its communication channels to ensure that such stakeholders' concerns and requirements will be reflected on its operations. Your continued consideration and encouragement would be appreciated. Thank you.

March, 2010
Korea Securities Depository of Chairman & CEO
Soo-hwa Lee



Doing more!



Taking a giant leap into the world

Embracing financial globalization with confidence we are vigorously jumping up into the world's leading financing infrastructure-it is the product of efforts made in pursuit of change and innovation. KSD changes itself, innovates and serves faithfully to increase investor value and advance financial markets. Growing both in Asia and in the world, KSD is a truly global partner.

KSD & Sustainability

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KSD Profile

KSD Overview

Korea Securities Depository (KSD), the only central depository & settlement institution in Korea, provides various securities-related services such as issuance, deposit, settlement and exercise of rights of securities. A special corporation with the nature of public entity, KSD aims towards reasonable practice of centralized deposit and settlement of securities and efficient issuance and circulation of securities.

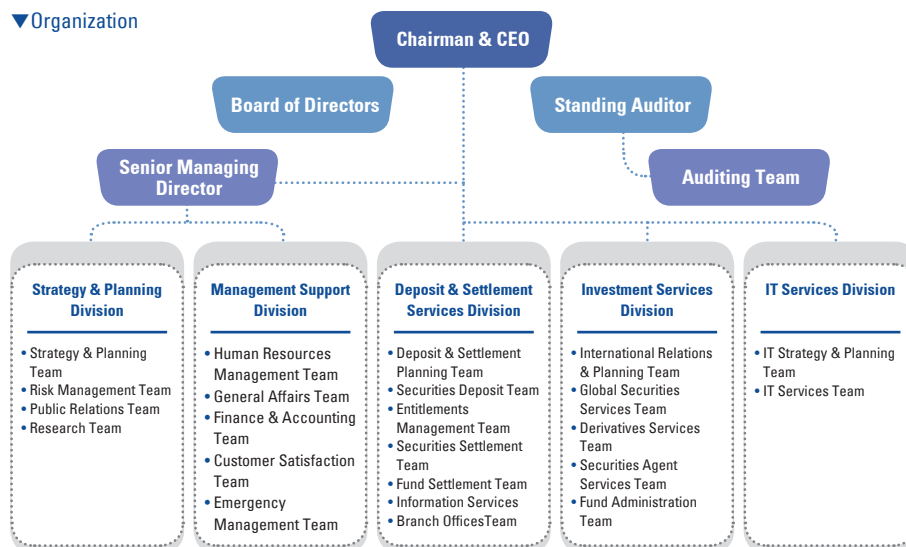
Value and Vision

KSD pursues endless evolution and innovation and provide efficient and stable financial infrastructure, contributing to added value for investors and improvement of the financial markets. To this end, we have taken Global Partner KSD as our vision of Year 2015, manifesting our orientation to bridge Asia and the World.

Organization and Staff

KSD is staffed with 444 officers and workers at the head office, three branch offices (Busan, Daejeon, and Gwangju) and Ilsan Center, with the organization consisting of 5 offices, 23 teams and 3 branches.

▼ Organization



(As of Dec. 31, 2009)

▼ KSD(Korea Securities Depository)?

The Central depository & settlement Organization for Financial Products

For large-scaled capital transaction, a social infrastructure of securities depository settlement system is essential. As the only domestic securities central depository, KSD works toward efficient issuance and circulation of securities, playing its role in raising efficiency of financial transactions and saving resource distribution costs.

A Guardian of People's Assets

With the increased number of investors and investment scale along with the growth of the capital market, most of the investments can be safely viewed as the asset of general public owned in the form of security. KSD carries out its mission as a guardian of public assets that maintains them in its custody.

The Core Infrastructure of the Financial Industry

As an intermediary between securities maintenance and financial industry, KSD plays its role as social overhead capital that contributes to advancing national economy by virtue of stability of securities settlement system and efficiency of financial industry.

A Provider of Various Services to the Capital Market

KSD provides domestic and overseas financial institutions with various finance related services such as securities depository settlement, future trading and derivatives.

Main Services

The main services of KSD are classified into depository settlement service, asset management service, derivatives product service and international depository settlement service. In providing each type of service, KSD, as a core infrastructure of financial markets, plays a key role in supporting trading and issuance market.

Main Services	Depository Settlement			Asset Management Support	
	Distribution Market	Issuance Market	Institutional Investors	Distribution Market	Issuance Market
	Depository Settlement Management Securities	Bond Registration Securities Agency	Securities Information Management	Fund Support	Fund Maintenance
	Transnational Depository Settlement			Derivatives Support	
	Distribution Market	Issue Market	Others	Derivatives Market	
	Depository Settlement of International Securities	Issuance of International Securities	International Cooperation	Mediation of Leveraged Trading Management of Collaterals Management of Future Substitute Securities	

Business Performance

Despite the economic downturn due to the global financial crisis, KSD attained income from services in the amount of 134.2 billion won in Year 2009 and has continuously increased net profit by cutting corners of business expenses, which was possible as a result of management rationalization and pursuit of solid management.

▼ Summary Income Statement

(Unit: million won)

	2007	2008	2009
[Business Performance]			
I. Revenues from Operation	147,878	111,869	134,175
II. Operating Expense	85,283	76,258	73,161
III. Operating Income (Loss)	62,595	35,611	61,014
IV. Non-operating Income	77,360	110,605	102,373
V. Non-operating Expense	12,544	51,118	33,657
VI. Income (Loss) before Income Tax Expense	127,411	95,098	129,730
VII. Income Tax Expense	35,256	26,209	32,764
VIII. Net Income(Net Loss)	92,155	68,889	96,966

▼ Summary Balance Sheet

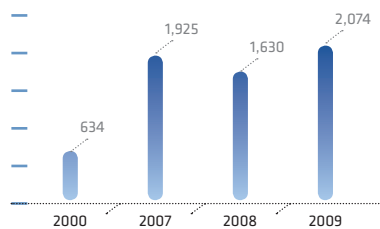
(Unit: million won)

	2007	2008	2009
[Financial Structure]			
Assets	1,841,752	1,602,602	1,576,045
I. Current Assets	1,720,912	1,215,338	1,122,968
II. Non-current Assets	120,840	387,264	453,077
Liabilities	1,318,577	1,012,613	862,065
I. Current Liabilities	1,315,639	1,008,103	846,589
II. Non-current Liabilities	2,938	4,510	15,476
Equity	523,175	589,989	713,980
I. Capital Stock	30,000	31,500	31,500
II. Capital Surplus	236	236	236
III. Capital Adjustment	-	-	(2,836)
IV. Accumulated Other Comprehensive Income (Loss)	2,473	9,398	47,134
V. Retained Earnings	490,466	548,855	637,946

▼ Business Results

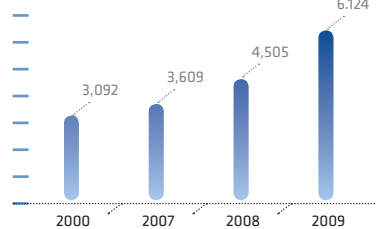
Total Market Value of Securities on Deposit

Unit: trillion won



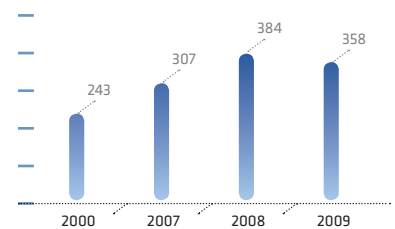
Total Amount handled by KSD

Unit: trillion won



Total Amount Deposited on FundNet

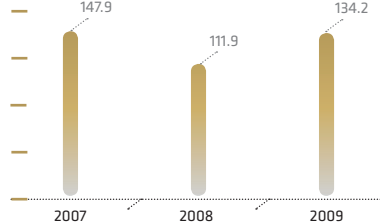
Unit: trillion won



▼ Management Results

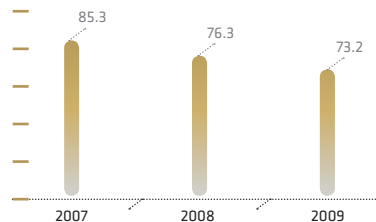
Revenues from Operation

Unit: billion won



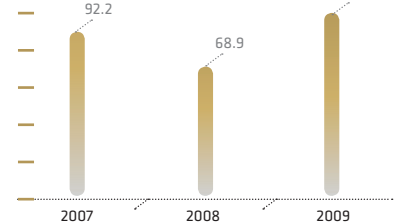
Operating Expense

Unit: billion won



Net Income

Unit: billion won



Sustainable Governance Structure and Risk Management

Present Stockholders

The stocks of KSD are owned by 65 institutions including the Korea Exchange, securities companies and banks, with the Korea Exchange representing 70.25%, the highest shareholding ratio. KSD, as a public organization function, pursues modification of the present governance into a user-centered structure, an effort to reflect stakeholders' opinion and ensure neutrality of management.

▼KSD Shareholders and Shareholding Ratios (as of Dec. 31. 2009)

(Unit: entities, %)

Category	The Korea Stock Exchange	Kosom	Securities-related Institutions	Securities	Bank	Insurance	Investment Bank	Treasury Stock	Total
Number of Shareholders	1	1	3	25	13	18	4	1	65
Shareholding Ratio	70.25	4.62	1.08	21.57	1.08	0.72	0.05	0.63	100

* Securities-related Institutions: Securities Finance Firms, Financial Investment Association, etc.

Governance Improvement by Strengthening BOD Function

The highest decision-making entity, the Board of Directors presently consists of 2 executive directors, who are the CEO and the senior managing director, and 4 non-standing directors including securities company officers with experience and professional expertise and professors from academics. KSD is active in vitalizing communication with non-standing directors with expertise and experience. For this purpose, KSD provides the non-standing directors managerial information through various sources and routes and builds an effective reporting system to make full use of their managerial advice.

Evaluation of Executives and Compensation

The CEO of KSD sets up a management plan to accomplish within his incumbency and signs management agreement with the Head of Financial Services Commission, the performance of which is subject to evaluation on a yearly basis. Other executives including the senior managing director sign management performance agreements with the CEO, which is controlled via internal evaluation of management performance.

Establishment of the Internal Control System

As the core of infrastructure of capital market dealing with financial products, KSD has built the internal control system and is making adequate preparation to manage financial risk, management risk and new service risk.

Our internal control system is an advanced one where the compliance system, an internal control system to be observed by executives and employees, and risk management system are incorporated under one system.

Establishment of Stable Financial Structure

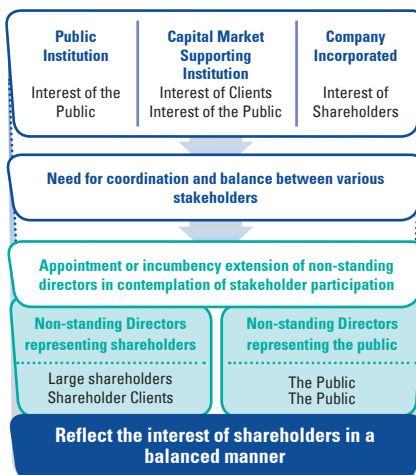
KSD commits itself to maintenance of stable financial structure and profit increase for the sake of maximizing interest of shareholders. Moreover, to positively respond as a public entity to the public call for reinforced internal control and transparent accounting practice, KSD has established the mid-to-long term plan of financial budget and improved budget maintenance system.

The essence of KSD's strategy for finance budget management lies in the pursuit of stable earnings with reasonable fee system as a public entity, cost reduction through efficient budget process and profit maximization through adequate risk management.

▼KSD Board of Directors

Description	Name	Current Position	Sex
Standing Director	Soo-hwa Lee	CEO	M
	Kyu-sung Chung	Senior Managing Director	M
Non-Standing Director	Chung-nam No	Representative Director, Daeshin Securities	M
	Hong-sik Choi	Executive Officer, The Korea Exchange	M
	Sun-woong Hwang	Professor, Chungang University, Department of Business Administration	M
	Ki-taek Hong	Professor, Chungang University, Department of Economics	M

▼KSD Governance



▼Internal Control System(Dash board)

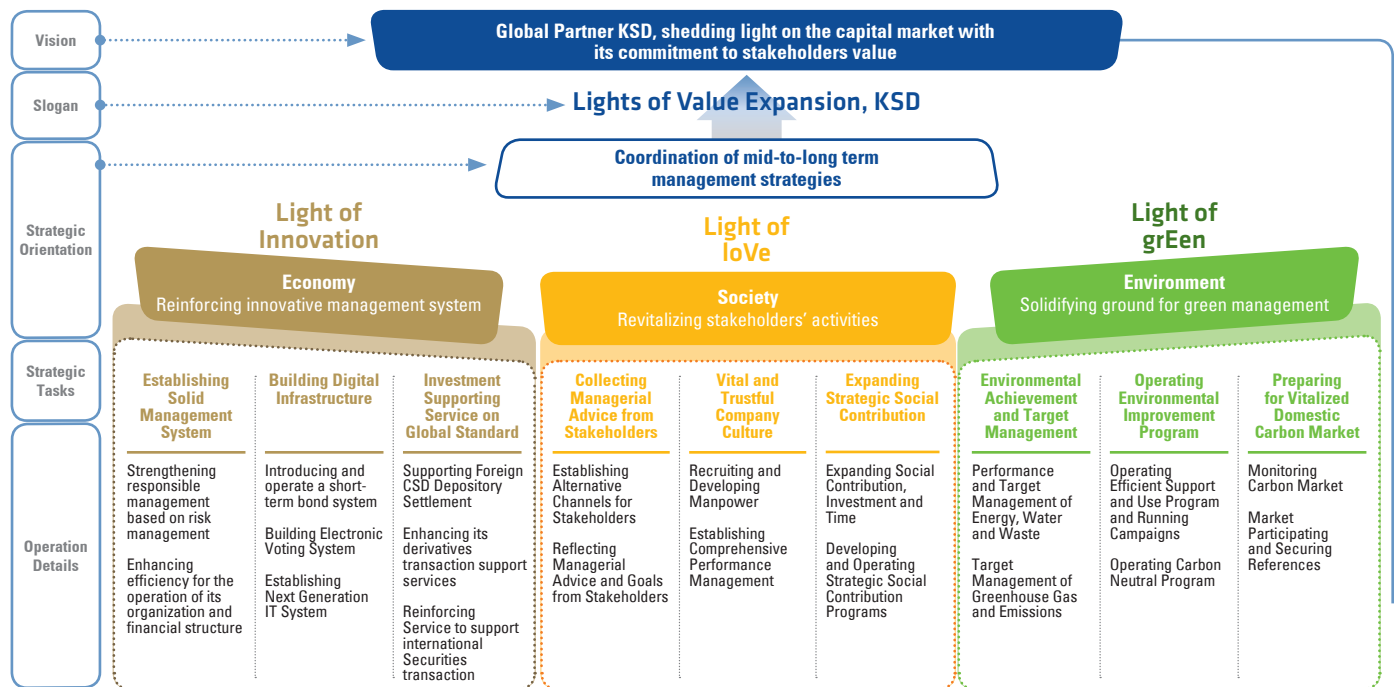


Promoting Sustainable Management

Constructing Sustainable Management Strategy System

In order to fulfill social responsibility and advance into a global partner, KSD established sustainable management system as a vehicle to achieve new growth and realize its Vision 2015 for global partnership bridging Asia and the world. Centered upon three basics, economy, society and environment, the sustainable management is to be undertaken in alignment to our goal of enhancing value for stakeholders.

▼ Sustainable Management Strategy System



The Economy - Light of Innovation

KSD promises to create greater social values by: fulfilling its mission of central depository & settlement through managerial innovation; enhancing efficiency in financial industry; and playing its role with integrity as a part of social overhead capital for the sake of national economy.

The Society - Light of Love

KSD will keep progressing as a global partner doing its role faithfully as a corporate citizen by: expanding communication with stakeholders; and promoting more systematically the strategic social contribution activities.

The Environment - Light of Green

KSD will positively respond to global climate change by: minimizing environmental impact through environmental maintenance and improvement program; and reducing energy use and emission of green gas.

▼ Sustainable Management Slogan

L.I.V.E, KSD !! (Light of Value Expansion, KSD)

Standing for light of capital market committed to maximizing value for stakeholders, it implies KSD's dynamic sustainable management activities. It is also initials of the economy, public, environment and strategy.

Setting up Roadmap of Sustainable Management

To promote sustainable management systematically, KSD set up a roadmap to proceed with a step-by-step approach to sustainable management. Year 2009, the first year of promoting sustainable management, witnessed sustainable management strategy system established in connection with mid-to-long term management strategy and a sustainable management report published. We will strive to improve and complement sustainable management team organization, sustainable management training and strategy and task to enforce, all with the aim to settle down sustainable management in the corporate culture. Through our systematic and consistent efforts to settle down sustainable management, KSD will maintain social leadership and corporate value corresponding to its reputation as a global partner.

Performance Result of Sustainable Management

In an attempt to reinforce activities on sustainable management, KSD selected 14 'sustainable management performance indexes' (economy, Society, environment) after supplementing existing performance indexes. We will continue to evaluate and manage performance by targets and disclose the results to stakeholders with sustainable management reports.

Category	Core Performance Index	Unit	Year 2009 Performance	Year 2010 Target	Reference Page
Economy(4)	Earnings from Operation	Billion won	134.175	102.027	5
	Total Amount handled by KSD	Billion won	6,124,000	7,042,600	5
	Establishing E-Voting Infrastructure	-	-	System launched	19
	Establishing Next Generation IT System	-	-	System launched (Feb. 2011)	20
Society(6)	Stakeholder Communication	-	Defining Stakeholders	Expanding Stakeholder Communication	10
	Customer Satisfaction with Public Institutions (PCSI)	Counts	90.6	91.5	31
	Customer Service Performance Level	Counts	90.6	91.0	31
	Per capita average time for training for a year	Hour/person	101.3	111.4	34
	Ratio of Social Contribution to Investment (based on sales figures)	%	16.9	1.15	24
	Per capita time for social contribution	Hour/person	4	5	24
Environment (4)	Power Consumption	Kwh	6,796,404	6,116,764	38
	Water Supply	ton	31,653	29,912	38
	Greenhouse Gas Emission	CO ₂ ton	3,950	3,752	38
	Purchase of Environment Friendly Products	Thousand won	227,783	125,100	38

▼ Roadmap of Sustainable Management

2009~2010

Establishing Sustainable Management Ground

- Building Sustainable Management Strategic System
- Organizing the Sustainable Management Committee
- First Release of Sustainable Management Report
- Holding Ceremony for Manifesting Sustainable Management

2011~2012

Systemizing Sustainable Management

- Running Sustainable Management Organization
- Expanding Education and Training of Sustainable Management
- Reinforcing Sustainable Management Network

2013 and after

Achieving Sustainable Management Leadership

- Branding Sustainable Management
- Selecting Companies with Superior Sustainable Management
- Implementing sustainable management practices and establish a performance evaluation system

▼ UN Global Compact



Joined UN Global Compact

Agreed comply with Principles

In order to meet the international standard of ethical management and demonstrate our willingness to promote sustainable management, we entered into UN Global Compact in Dec. 2008, complying with the 10 principles covering 4 main areas: human rights, labour, environment, anti-corruption.

To abide by the 10 principles of UN Global Compact, we promise to positively engage ourselves in improving the relationship with stakeholders, keeping amicable management-union relations, exercising joint endeavors to solve economic issues, driving anti-corruption campaigns and disclosing the consequences to stakeholders. The status of compliance with the 10 principles can be viewed on the relevant page of this Report.

▼ UN Global Compact Principle and Related Activities

Category	Principles	Related Activities	GRI	Reference Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Running associations of Participants for efficient communication • Engaging in social contribution activities	HR1 HR2 HR3 HR4 HR5 HR6 HR7 HR8 HR9	13,31,32,33
	2. Make sure that they are not complicit in human rights abuses.		HR1 HR2 HR8	-
Labour Standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Holding Management-Union Meeting on a regular basis • Holding Management-Union Consulting on Business on a timely basis (Management-Union Joint Workshop, TLD System, CEO-led Management-Union Team-Spirit Events, etc.)	HR5 LA4 LA5	35
	4. The elimination of all forms of forced and compulsory labour.		HR7	32
	5. The effective abolition of child labour.	• Offering equal employment opportunity (Affirmative employment of women and the handicapped; policy of no disqualifying solely based on the background of school and major study, to name a few)	HR6	32
	6. The elimination of discrimination in respect of employment and occupation.		HR4 LA2 LA10 LA13 LA14	32,33,34
Environment	7. Businesses should support a precautionary approach to environmental challenges.	• Taking part in government-led low carbon green growth policy • Increasing purchase of green products and investment in environmental products	4.11	6
	8. Undertake initiatives to promote greater environmental responsibility.	• Engaging in bona fide activities in the area under environmental concerns	EN5 EN6 EN7 EN10 EN14 EN18 EN26 EN27	37,38
	9. Encourage the development and diffusion of environmentally friendly technologies.	• Supporting environment-friendly practice of daily commuting • Running a conservation campaign	EN2 EN5 EN6 EN7 EN10 EN18 EN26 EN27	37,38
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	• Exerting leadership towards compliance with Code of Ethics and Behavior • Running a risk management task force for internal control	S02 S03 S04	28,29

Stakeholder Communication

8 Major Stakeholders of KSD

▼8 Major Stakeholders of KSD

Category	Definition
Government	As KSD is an institution of taking and maintaining securities, which can be viewed as public assets, exerting great influence on capital market in terms of stability and investor protection, the government set forth devices to secure stability and public nature, legally and systematically enforcing regulations and supervisory actions.
Shareholders	KSD's stockholders are Korea Stock Exchange, Koscom and securities companies, all of which take part in major decision-making process such as in selecting officers and performing internal audits, contributing to sound governance and transparent management.
Customers	To banks, insurance, fund, future traders, pensions and domestic and overseas financial institutions as well securities companies, KSD provides securities settlement services and various services related to derivatives such as future trading.
Academic Circles	Enhancing specialty and efficiency based on close connection with academics for knowledge and experience on stock market and public sectors, KSD functions as a solid and reliable bridge financial and securities market
Press	Through strategic public relation to general people, KSD endeavors to lift efficiency of financial industry, doing its part of SOC with commitment to improving national economy its corporate image and social reputation.
Executives & Employees	KSD fosters personnel with specialty and raise the reliability of the officers, both of whom are internal stakeholders. This efforts may prospectively lead to greater competition power in overseas market, in connection with KSD's pursuit for global partnership.
Local Community	KSD strives to faithfully play its role as corporate citizen via various activities for contributing to the community
PEER	As the only central depository & settlement institution of Korea, KSD has built up close link to overseas CSD in order to establish a global supporting system in capital market and function as a standard of world financial markets. Thus, KSD and overseas CSD are peers, which collaborate to achieve stability of international capital market.

To keep sustainable growth and to do its part in our society as a corporate citizen, KSD goes beyond simple concept of clients in defining “stakeholders” so as to include those with influence in managerial activities or with social responsibilities, creating eight categories: government, stockholder, client, academics, press, community, executives and employees, and peer. We will keep sharing communication with 8 stakeholders, prospectively.

Promoting Sustainable Management with Stakeholders' Opinions Reflected

Interview with Outside Stakeholders

In order to reflect systematically interest and demand of outside stakeholders, KSD took a review of governmental evaluation materials, press materials, major policy materials and had high-leveled interviews with the 8 major stakeholders, establishing itself as a public entity with major roles and responsibilities.

Running Task Force Team for Sustainable Management

We organized a task force team (TFT) for promoting sustainable management with 9 teams and 18 executing members, the mission of which is to diagnose current status of sustainable management and reflect the opinions of internal officers and workers in the course of establishing strategies and preparing reports.



▼ Summary of GRI Materiality Test

Subject	Government, stockholders, customers, academics, press, executives and employees, community, peer and other inside and outside stakeholders. 162 entities in total
Method	Visit or e-mail survey
Contents	Materiality test on 79 GRI performance indexes from KSD's perspective
Application	Result of materiality test by sectors of economy, community and environment. For indexes assessed highly material, accomplishment and plan are disclosed in DMA.

Survey and Interviews with Stakeholders


To hear opinions from inside or outside stakeholders on sustainable management, KSD conducted surveys and interviews with respect to main issues and published the results in the report. We will continue communications with stakeholders so that we might promote intelligible and satisfactory sustainable management.

Materiality Test

GRI(Global Reporting Initiative), a source of global guideline for sustainable management report, encourages placing reporting priority on those information sought for by stakeholders and suggests means for materiality test. To help stakeholders better understand 79 GRI Performance Indexes, this Report redefined and interpreted the indexes so as to be applicable to KSD before performing surveys.

Test Results

According to the result of materiality test, KSD disclosed major accomplishments and plans by preparing Disclosure on Management Approach (DMA) for economy, community and environment, based on GRI performance indexes whose materiality is assessed high.

The result of KSD's materiality test is demonstrated in the table below, denoted as SN(Sustainability Navigator)  in the text for reference to details of each index.

GRI Index	Description	Reference Page
Economy	EC9 Improving efficiency of financial and capital market through short-term bond, asset management infrastructure, electronic voting system	19,21,22
	EC1 Direct economic value generated and distributed, including revenues, operating costs, etc.	5,21
	EC8 Social contribution related to services in financial sector. (Ex. Securities museum and lectures on economics)	24,25,26
	EC2 Participating in carbon emission credit market	37
Society	S05 In support of governmental policy for Efficient financial and capital market	19
	PR3 Disclosure on management, business portfolio and other efforts to disclose management information	16,29
	PR5 Survey on customer satisfaction	31
	S01 Social contribution activities key outcomes and plan to manage local people	24
	LA11 Training to foster manpower specializing and planning and operation of lifelong learning programs	34
	LA8 Current status of the employee health management program and key results	34
	LA10 Training hours for officers and workers.	34
	LA12 The ratio of workers who has set a project for self career development	33,34
	HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	35
	S04 Public policy positions and participation in public policy development and lobbying	29
Environmnet	EN26 Building financial infrastructure for low carbon	19
	EN4 Energy(Electricity, LNG, etc.) consumption and saving plans	38
	EN5/7 Energy saving activities through enterprise-wide energy-saving measures	37
	EN1 Paper/Cartridge consumption and saving plans	38
	EN30 Currents of environmental investment including green purchase.	38

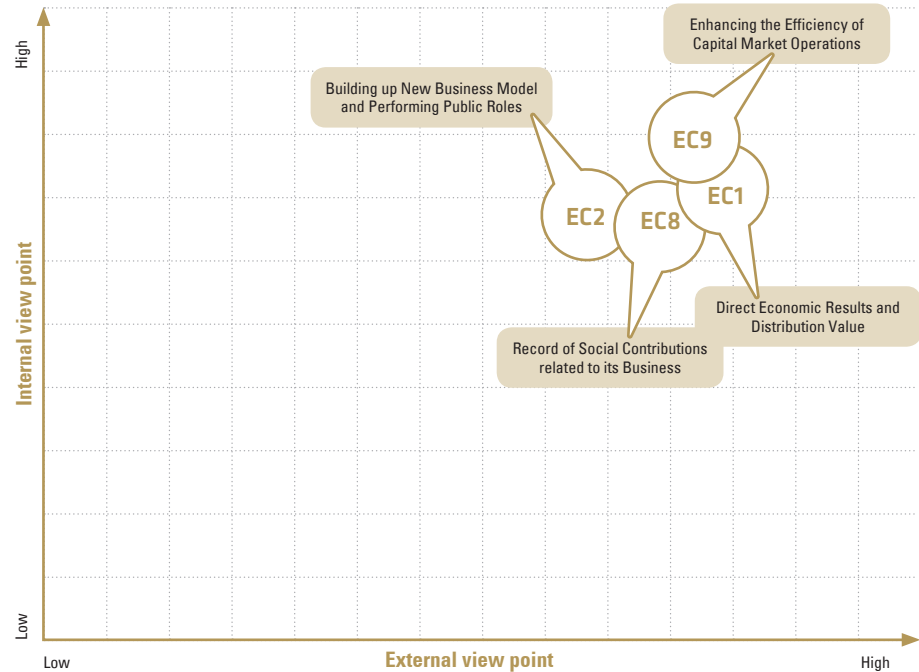
Disclosure on Management Approach(DMA)

Major Accomplishments of Economy Sector and Future Plans

Our Vision

KSD, the only central depository & settlement institution of Korea enhances efficiency and stability in financial markets and reduces social transaction costs, generating positive effect on the national economy.

To ensure stability in securities settlement and maximize capital market efficiency, KSD promotes innovation of infrastructure covering short-term bond system, electronic voting system and next generation system. Wishing to lead itself to the status of real global partner, KSD upgrades management efficiency by pursuing internally sound management for maximizing economic value, which will be distributed to stakeholders.



▼ Outcomes and Plans

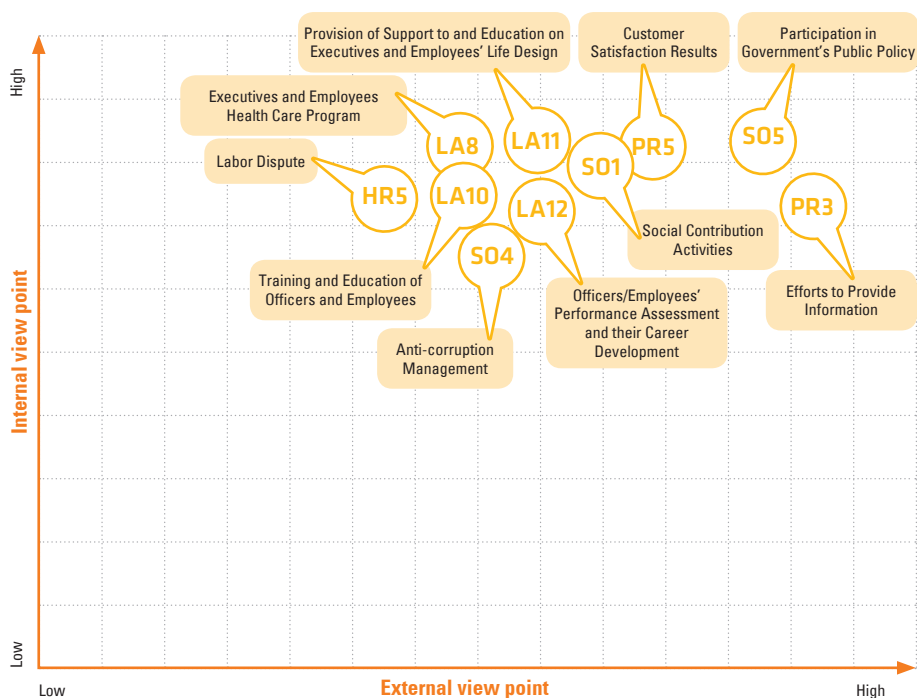
Economic Performance Indicators		Subject	Accomplished Year 2009	Year 2010 Targets and Future Plans
EC1	Direct economic value generated and distributed, including revenues, operating costs, etc	Operating Income	134.2 billion won	102 billion won
EC2	Participating in carbon emission credit market	Study and research activities	To review relevant domestic environment	To support the introduction of the CER market into Korea
EC8	Social contribution related to services in financial sector.	Visitors of the Securities Museum	17,506 persons	19,000 persons
		Attendees of Live Experience Class	18,742 persons	20,000 persons
EC9	Improving efficiency of financial and capital market through short-term bond, asset management infrastructure, electronic voting system	Electronic Voting System	Established	System launched

Disclosure on Management Approach(DMA)

Major Accomplishments of Society Sector and Future Plans

Our Vision

To hear from stakeholders, KSD has set up 8 sectors - government, shareholders, customers, academic circles, press, executives & employees, local community, peer - and increasingly expand communications by each sector. Also, based on expertise in finance, KSD, as a true player of its social role that is a "corporate citizen" systematically promotes strategic social contribution, in an attempt to fully commit itself to the society's sustainable progress.



▼ Outcomes and Plans

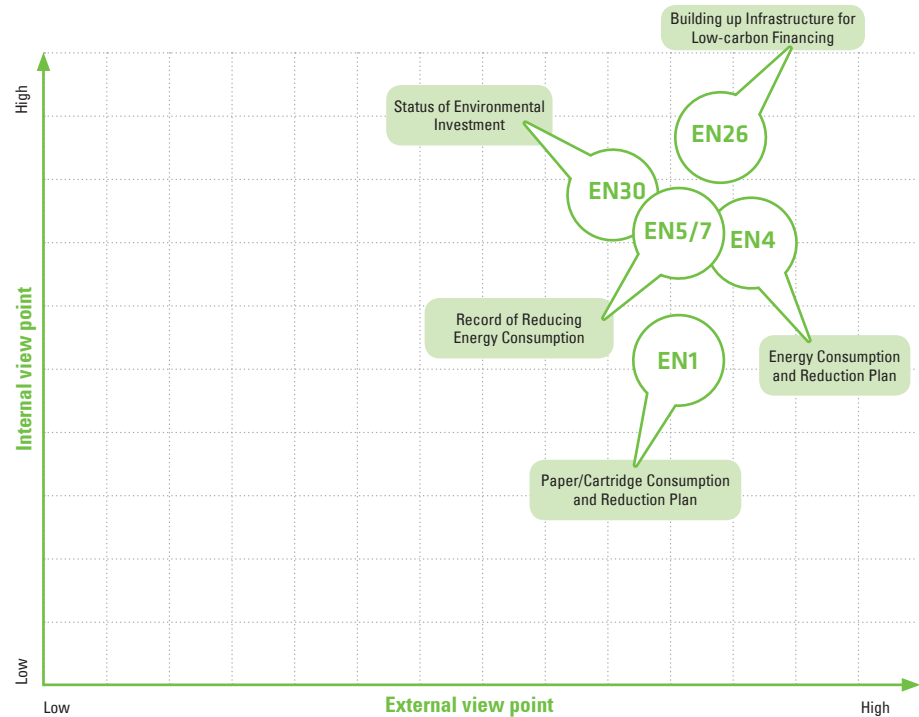
Social Performance Indicators		Subject	Accomplished Year 2009	Year 2010 Targets and Future Plans
PR3	Disclosure on management, business portfolio and other efforts to disclose management information	Disclosure of Management and other efforts to disclose management information	Disclosure of Management on Website	Disclosure of Sustainable Management Information on Website
PR5	Survey on customer satisfaction	Public Organization Customer Satisfaction Index (PCSI points)	90.6 points	91.5 points
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Management-union dispute	None	Maintain
LA8	Current status of the employee health management program and key results	Welfare program	Health-safety/ Stabilization of residence/Nurture of children	To extend the application of program
LA10	Training hours for officers and workers	Per capita training hour	101hrs. / person	111hrs. / person
LA11	Training to foster manpower specializing and planning and operation of lifelong learning programs	Human resources development system	By competence of each(basic, maintenance, work training)	Maintain
LA12	The ratio of workers who has set a project for self career development	Per capita self-Growth project	1.64 projects per person	1.84 projects per person
S01	Social contribution activities key outcomes and plan to manage local people	Ratio of Community Contribution Investment(based on total sale amount)	16.9%	1.15%
S04	Public policy positions and participation in public policy development and lobbying	Internal Control System	Established	Under operation
S05	In support of governmental policy for Efficient financial and capital market	Electronic Voting System	Established	Launched on gradual basis

Disclosure on Management Approach(DMA)

Major Accomplishments of Environment Sector and Future Plans

Our Vision

KSD is dedicated to reduce use of energy and natural resources and minimize environmental impact caused by corporate operation under the environmental improvement program. Furthermore, KSD intends to keep abreast with the national policy of low carbon and green growth. To do so, KSD has committed itself to reducing greenhouse gas emissions generated by financial transactions, by virtue of successful introduction of electronic financial instruments, electronic vote system, next generation system, all of which have been in the KSD's agenda for main businesses.



▼Outcomes and Plans

Economic Performance Indicators		Subject	Accomplished Year 2009	Year 2010 Targets and Future Plans
EN1	Paper/Catrige consumption and saving plans	Paper used	592,000 sheets	532,800 sheets
		Cartridge used	364 EA	346 EA
EN4	Energy(Electricity, LNG, etc.) consumption and saving plans	Power consumed	6,796,404Kwh	6,116,764Kwh
EN5/7	Energy saving activities through enterprise-wide energy-saving measures	Activity for power saving	To substitute LED lighting systems and purchase hybrid cars	To spread eco-friendly commuting culture and extend the application of video conference system, Carbon Neutral activities
EN26	Building financial infrastructure for low carbon	Electronic securities system	-	Short-term Bond System launched
		Electronic voting system	-	System launched
		Next generation system	-	System launched(Feb. 2011)
EN30	Currents of environmental investment including green purchase.	Environment friendly products purchased	KRW 227,783,000	KRW 125,100,000

More innovation



We are providing the fuel for growth

Will lay grounds for a true success and further growth.

As Korea's only central securities depository, KSD will faithfully play its role as a key industry in develop capital market on a stable basis.

Economy

- 16 Expanded Function as Core Infrastructure of Financial and Capital Market
- 17 Operation as Global Core Function and Improving Investment Environment
- 19 Financial Industry Advancement via Adding New Services
- 21 Value Redistribution to Stakeholders

Expanded Function as Core Infrastructure of Financial and Capital Market

Financial Transaction Stability Enhanced via Centralized Securities Depository System

▼What is Securities Deposit & Settlement Services?

Securities Deposit & Settlement Services is a line of service where service provider keeps custody of securities that general investors have deposited in securities firm or other financial institution and may cause the securities transferred on account without physical delivery of instruments.

As the only central securities depository, KSD has been successfully performing deposit & settlement operation, maximizing efficiency and stability in securities issuance and trade and financial transactions. As a result, KSD has been playing a major role in reducing social transaction cost from the viewpoint of national economy.

SAFE21, Stable and Efficient Information System

In order to conduct its deposit & settlement services task in a right and timely fashion, KSD has created SAFE21, by which it keeps providing participants with work related information on an instant basis. Hence, work-related risk is minimized, labor and time is saved and value for customers is enhanced.

Performance Result of Securities Deposit & Settlement Services

Despite global financial crisis and resulting in instability of domestic financial markets, Year 2009 witnessed KSD's performance growth in the number of accounts, aggregate market value of deposited securities and settled amount by 14%, 27%, and 25% respectively.

▼Settlement Service Figures

	2007	2008	2009
Number of Settlement Service Recipients	1,000	1,224	1,263
Market Value of Aggregated Securities Deposited (KRW trillion)	1,925	1,630	2,074
Number of Accounts for Settlement Service	2,912	3,459	3,932
Total Amount Settled (KRW trillion)	2,439	2,855	3,560

Deposited Securities reaching KRW 43.21 million Per Capita

The securities deposited in KSD is amount to 912 trillion won in stock and 1,083 trillion won in bond, based on market-based value. If CD, notes and other types of securities in deposit are all aggregated, the total amount reaches 2,074 trillion won, 9.6 times greater than Korea's Year 2009 budget of 217 trillion won. Put it differently, it would be as if each person of Korea's population of 48,000,000 had put 43.21 million won in KSD.

▼FundNet Service Figures

	2007	2008	2009
FundNet Deposit (KRW trillion)	307	384	358
Number of FundNet Member Funds	9,017	10,582	11,473

Promoting Asset Management Market via FundNet

Keeping pace with current fund market revitalized, as a result of increasing interest and awareness over indirect investment products, KSD, in order to support and foster asset management industry, has developed and been operating FundNet, a processing system based on standardization and automation over entire process from creation to dissolution of funds.

Globalization of FundNet

To efficiently support its global asset management, KSD, in FundNet-based conjunction with Omego, a global company providing matching service for transnational securities transaction, provides support and affirmation of foreign currency denominated securities trading to domestic firm dealing with overseas investment fund. KSD also has been working for globalization of FundNet, by way of associating it with Euroclear and Clearstream, for instance.

▼Derivatives Products Service Figures

	2007	2008	2009
Number of Repo transactions	12,752	44,052	72,563
Derivatives Deposited (KRW trillion)	42.3	46.8	56.9
Transaction on SLB: Year-end Balance (KRW trillion)	10	11	13.2
Number of Participant Deposit Account	2,320	3,242	3,747

Supporting Derivatives Market via Expanding Derivatives Services

To support smooth transaction of derivatives products (REPO, SLB, OTC derivatives), KSD is undertaking its role as a manager of derivatives and guardian of market participants, by improving system and service in line with market and customer needs. It also takes a lead to innovate derivatives market via steadily engaging itself in steady public relation activities and creating customer friendly atmosphere.

Operation as Global Core Function and Improving Investment Environment

▼ Volume of Government Bonds and Percentage of Foreign Investment by Year

	Government Bonds	Monetary Stabilization Bonds	Total	Percentage of Foreign Investment
2007	25.4 trillion won	11.9 trillion won	37.3 trillion won	4.64%
2008	20.1 trillion won	16.2 trillion won	36.3 trillion won	4.33%
2009	27.5 trillion won	28.2 trillion won	55.7 trillion won	5.57%

Supporting International Securities Market for Capital Market Globalization

With a view to vitalized international securities transaction, KSD participates in international securities issuance and trading market, providing various international deposit & settlement services covering depositary receipts (DR), custody of underlying shares, overseas securities (CB, BW, EB, etc.), conversion, exchange, payment agent services for overseas securities (CB, BW, EB), foreign currency denominated securities deposit & settlement services and issuance and deposit of Korea depositary receipts. Through these efforts, KSD bolsters its competency in global operation, putting itself forward to reach the status of financial hub.

Assisting Domestic Firms with Foreign Capital Financing

KSD has been supporting domestic enterprises issuing depositary receipts (DR) and overseas securities (CB, BW, EB) with services aimed at smooth subscription of capital, such as keeping custody of underlying shares and exercising rights of securities as an agent.

Supporting Foreign Investors with Bond Investment

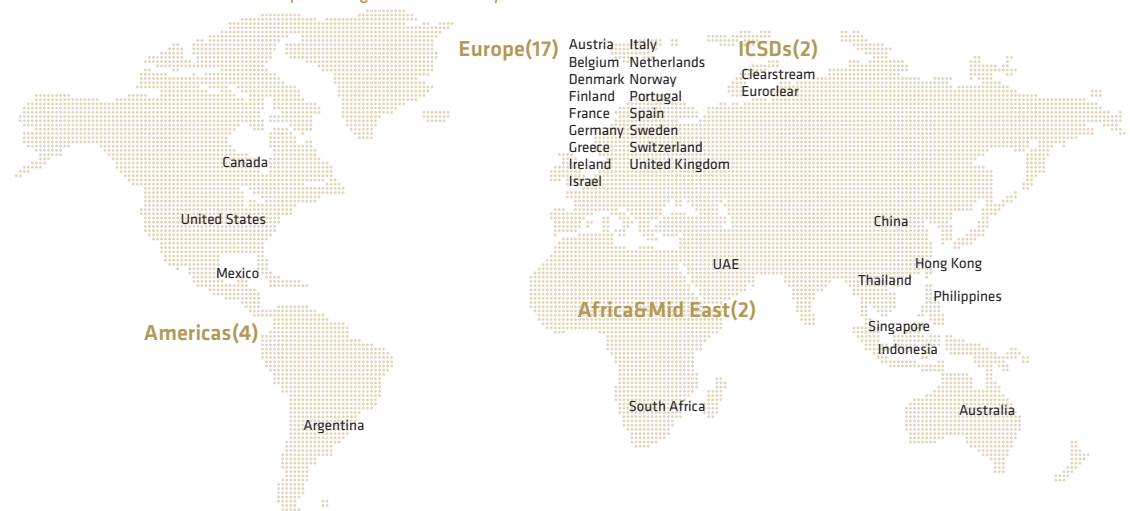
To render domestic securities market friendlier for foreigners' investment and support foreign companies' listing on Korean market, KSD induces some progressive measures such as reduced ratio of tax withholding interest accruing on bond denominated in Korean won, after petitioning the Ministry of Strategy and Finance, the Financial Services Commission, and other relevant authorities.

Furthermore, keeping an omnibus account in International Central Securities Depository (ICSD), which assists foreigners investing in Korean treasuries bond with custody and settlement services, KSD is committed to advancing and globalizing the bond market.

Supporting Korean investors' Investment in Overseas Securities

KSD is performing depository settlement services with five global custodians including Euroclear, Clearstream, and other ICSD's for the sake of safe and efficient overseas custody of foreign denominated securities invested in by Korean investors. As interest in direct investment in foreign market is increasing along with expansion of global investment and development of information transfer, so is demand for foreign currency denominated securities deposit & settlement services for investment in some attractive overseas markets. As of 2009, KSD is providing such services in 34 countries throughout Europe, America and Asia.

▼ Countries providing Global Custody Service



▼MOU Signatories

Date	Institutions
Sept. 1999	China's CSD
Mar. 2000	Taiwan's CSD
Jul. 2001	Japan's clearinghouse
May. 2002	Uzbekistan's CSD
Nov. 2002	China's CSD (renewed)
Feb. 2004	CSD of USA
Feb. 2005	Japan's CSD
Jun. 2005	The Stock Exchange of Thailand, Thailand's CSD
Aug. 2005	Indonesia's CSD
Nov. 2006	Vietnam's CSD
Nov. 2007	India's CSD
Nov. 2007	Thailand's CSD
Oct. 2008	Kazakhstan's CSD
Nov. 2008	Pakistan's CSD
Jun. 2009	Euroclear
Dec. 2009	Mongol's CSD

▼ The 9th Conference of CSDs



Strengthening Its Role as a Global Partner via Globalized Supporting System

Conjunction and Collaboration with Overseas Central Securities Depository

KSD has been building solid relationship and network with overseas CSDs through signing MOUs with central securities depository of foreign nations, joint business operation and participation in international conferences. KSD is magnifying public relation activities, laying stepping stone to reach the status as Asian financial hub and a provider of deposit and settlement system infrastructure beyond borders.

▼Main Activities for International Collaboration

Signing MOU contract with Overseas CSD	Building Information Network with Overseas Institutions	Vitalizing Overseas Public Relations
<ul style="list-style-type: none"> Laying foundation for infrastructure export, by utilizing favorable relationship with overseas CSDs. 	<ul style="list-style-type: none"> Building personnel connection and attending international conventions. Securing communication channels via expanding network with foreign institutions such as overseas CSDs. 	<ul style="list-style-type: none"> Promoting public relations via overseas renowned press media. Public relation materials such as newsletter in English. Giving information on services via Website in English

Holding the 9th Conference of Central Securities Depositories

In 2007, KSD held the Central Securities Depositories Conferences aiming at laying the foundations for developing it into a world-class institution for comprehensive securities management and to support governmental efforts toward Northeast Asian financial hub. Under the theme "The Future of CSD: Challenge and Opportunity through Unification and Globalization", 300 attendees from 69 countries shared ideas and build up relations.

Supporting Build-up of Depository & Settlement Infrastructure in Asian Countries

To Asian underdeveloped nations, KSD is providing support to set up infrastructure for securities deposit & settlement system, with a variety of means such as invitation to workshops, dispatching specialists, opening workshops at site, project designing and consulting and training for system setup and maintenance.

▼Securities Specialists Workshop at Laos



▼Securities Specialists Workshop at Uzbekistan



KSD exports to Asian underdeveloped countries know-how of depository & settlement and provide supports to build up infrastructure, complying with the government-driven financial know-how export policy, demonstrating superiority of Korean capital market infrastructure, solidifying its position as an Asian leading CSD, and rendering KSD's deposit & settlement system the Asian standard.

Prospectively, KSD is planning to establish deposit & settlement infrastructure in alignment with KSD's financial education and environmental improvement projects conducted by the KSD Na-Num Foundation, a each-out fund.

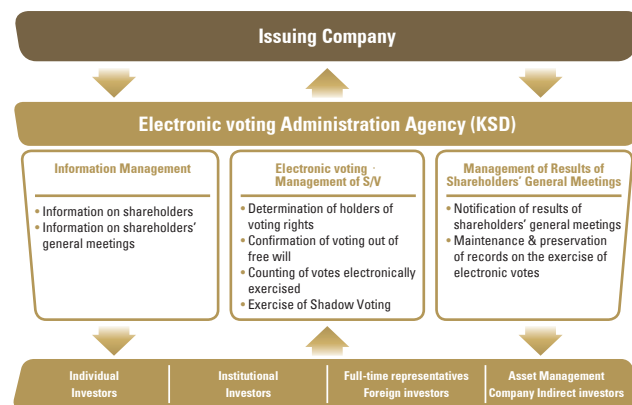
Advancing Financial Industry via Adding New Services

Vitalizing Shareholders' Meeting through Electronic Voting System

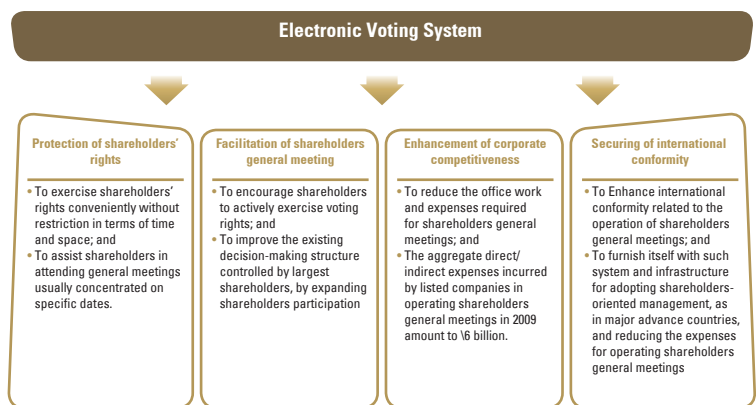
Although shareholder meeting is a supreme decision-making authority of a corporation, its power is declining with the voters having difficulty exercising their rights because the meetings in practice collectively fall on the same particular days. To cope with this, KSD has established electronic voting system hoping to revitalize and restore the power of shareholders' meetings.

Under electronic voting system, stockholders simply get connected to the Internet and exercise their rights online without the need to present themselves in the meeting. KSD's electronic voting system is an excellent example of IT-wise management through vitalizing shareholders' meetings and shareholders' rights as well as reducing carbon emission in response to the government's green growth policy.

▼The Structure of Electronic Voting operations



▼The Effect of Introducing an Electronic Voting System



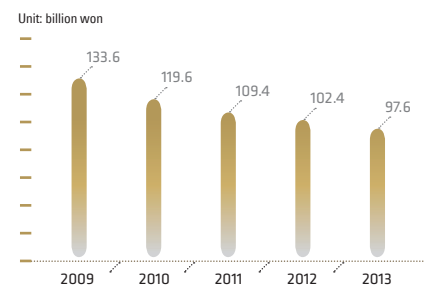
Advancing Capital Market via Establishing Electronic Securities Infrastructure

To maximize efficiency and transparency of financial markets and secure international competition power via advancing capital market infrastructure, KSD is on its way to introduce digital-based electronic securities system. To do so, KSD is operating Financial Infrastructure Advancing Task Force and engaging itself in a variety of activities such as supporting enactment of electronic securities special act, laying down a base for introducing market-friendly electronic securities and public relations campaign in the financial markets.

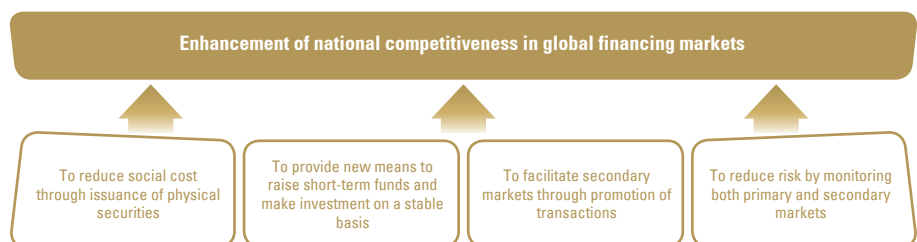
Opening New Era of Electronic Securities via Short-term Bond Infrastructure Build-up

As a first step toward electronic securities, KSD is actively promoting introduction of short-term bond system and constructing its infrastructure. Issuing short-term bonds in an electronic mode will bring positive effects: convenience in fund formation, transparency of investment-related information, automated operation and revitalization of short-term financial markets. Advocating that every type of securities gradually but finally goes electronic, KSD endeavors to establish short-term bond system and activate its operation.

▼Reduction in social cost by introducing an Electronic Voting System



▼Effect of introducing of Short-term Bonds



*The cost for administering issuance of physical securities and the time for handling the relevant business related to it will be reduced by approximately 25.6 billion won and per annum and approximately 10,000 hours respectively.

▼ Effects of Next Generation System as
Projected

(Unit: billion won/year)

	Contents	Total
Business	Improved Profitability and Risk Management	7.70
	Accommodation of new system and services	5.36
	Enhanced Work Efficiency	2.85
	Value Addition for Customers	25.35
IT	Operation Expense	0.92
	Investment Expense	0.70
Total		42.88

Cost-saving of 42.88 billion won
per year

Construction of Customer-centered Next Generation System

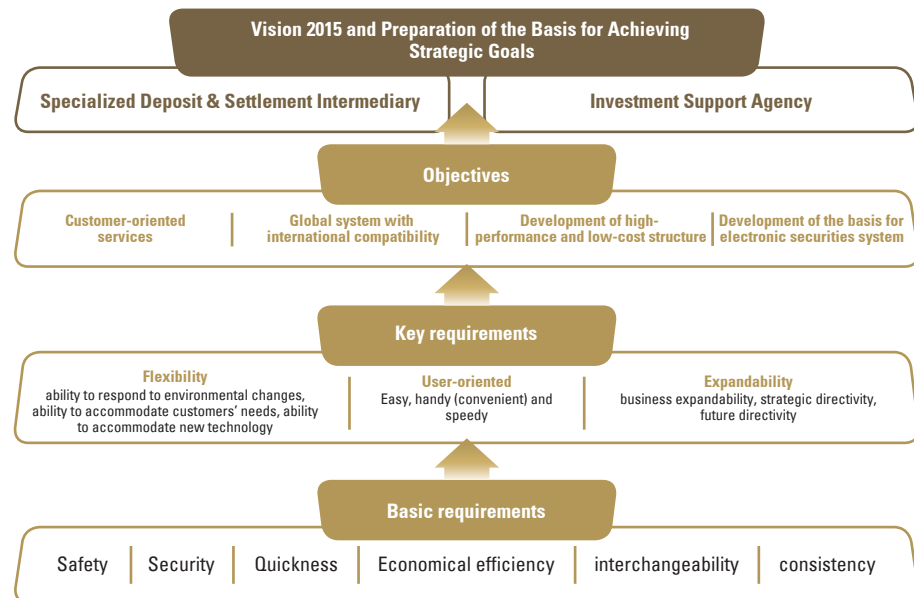
Promoting future type IT system as next generation system, KSD is putting efforts to timely and flexibly address external change of surroundings such as intensified competition between CSD's and enforcement of the Capital Market Consolidation Act and to provide support for in conducting business strategy in new circumstances.

Expected to be completed by 2011, the next generation system is a cutting-edge system that can support customers' business effectively and drive KSD's steady growth as well. As a part of core infrastructure of capital market, this system is also expected to strengthen international competition power and solidity base for future business by bring innovation of main service system.

Core Elements and Role of Next Generation System

The core elements of next generation system are flexibility, customer-centeredness, and expandability. Setting 4 major goals of customer-centered service, global system with international compatibility, structure of high-performance-and-low-cost, and ground laying for electronic securities service, KSD is preparing itself for rapidly changing financial environment and diverse customer needs.

▼ Korea Securities Depository's Next generation System



With the next generation system, KSD will keep playing its role as a solution provider, presenting high function and top performance customer-centered system by which to accommodate and satisfy various customer needs in a timely fashion and to help realize customer-centered business strategy.

▼ Effects of Next-generation System

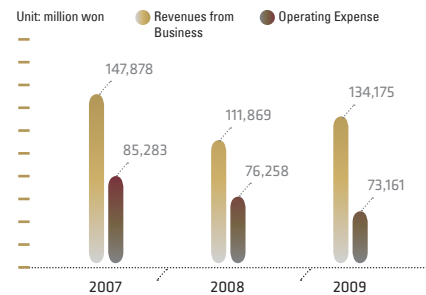
Cost Reduction and Value Addition	Upgraded Quality of Services for Customers	Increased Business Competition Power
Appx. 43 billion won saved yearly	Supporting customer's business strategy & playing a role as a solution provider	Securing structural base for quick response to market demand

Value Redistribution to Stakeholders

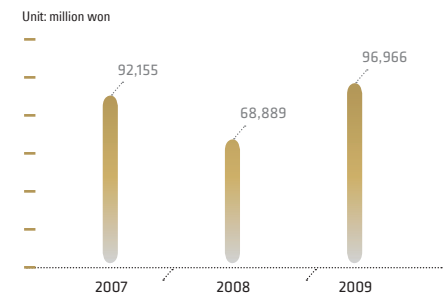
Creation of Economic Value and Distribution to Stakeholders

KSD earned 134.2 billion won creating net profit of 97 billion won in 2009, an outstanding performance which was possible by reducing operational cost by 4% of the previous year through rationalization of management. The created economic value is being shared by the government, stockholders, officers and workers, customers, local communities, academics, and other various stakeholders. The economic value so created by KSD and those economic value distributed to Activities for Returning Value to Stakeholders and Performance

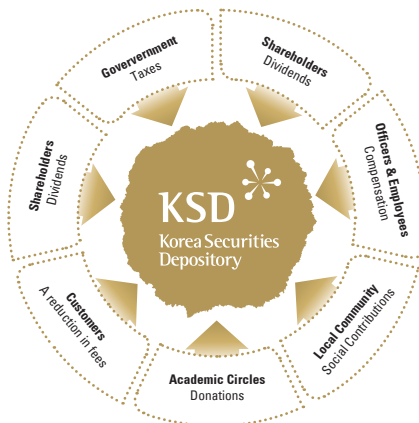
▼ Revenues from Business and Operating Expense



▼ Current Net Profit



▼ Returing Value to Stakeholders



▼ Stakeholders are as follows: Activities for Returning Value to Stakeholders and Performance

Unit: billion won

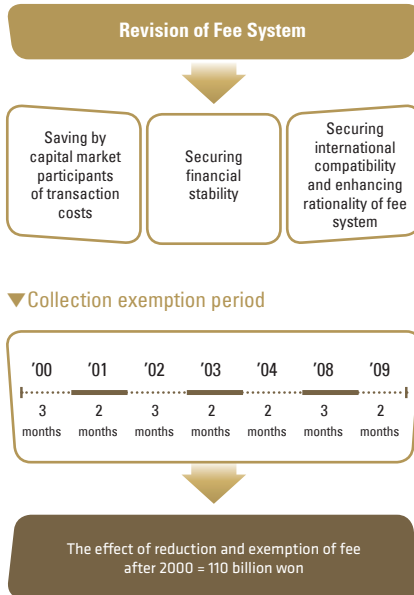
	Major Activities	2007	2008	2009	Increase or decrease over 2008
Government	Payment of taxes	36.0	26.9	33.5	↑ 25%
Shareholders	Dividends	10.5	7.9	9.5	↑ 20%
Customers	A reduction in fees	–	33.4	12.8	–
Academic circles	Donations	1.02	1.08	1.11	↑ 3%
Officers/employees	Compensation	43.1	38.5	37.9	↓ 2%
Local community	Social contributions	0.1	12.17	21.6	↑ 77%
General public	Finding dormant stock	N/A	N/A	225.0	–

Maximization of Value to Stakeholders through Creation of Social Value Added

KSD provides the basis on which the national and state economies can continue to grow and develop, through its activities for stabilizing financial markets and also protecting property of the people, thereby maximizing the value of stakeholders by creating social value added.



▼The effect of revising KSD's fee system

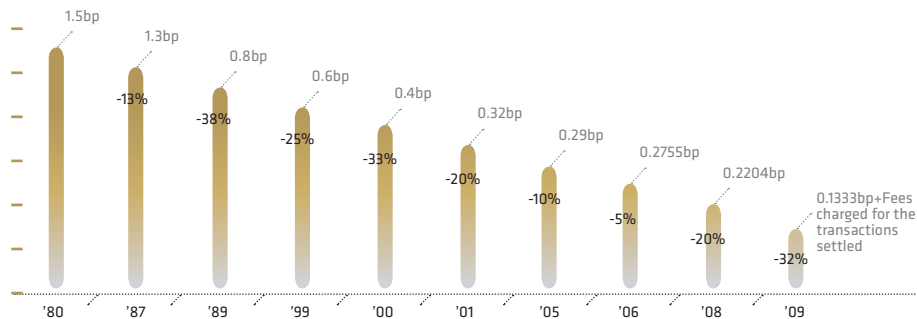


Raising Values for Customer through Advanced Fee System

For investors to save securities transaction costs, KSD has been reducing the fee for securities company consistently. In 2009, in order to introduce a reasonable fee system where reasonable cost is reflected and the principle of beneficiary's expense is observed, KSD refurbished fee schedule based on studies from independent research centers and opinions of market participants. With this new system, securities transaction costs has been dramatically reduced.

Through continuous reduction of the fee for securities company, KSD has been able to significantly relieve investors of their burden of transaction costs and establish advanced fee system armed with international compatibility and rationality in collection.

▼Trend of reduction & exemption of securities companies' charge rate



Economic Value of 110 Billion Won Redistributed via Reducing Securities Firm Commission (Yr. 2000~2009)

To date, KSD has redistributed to the public approximately 110 billion Korean won of economic value via reduction and exemption of the fee. We will keep building up advanced fee system through steady consultation with market participants and government authorities.

Market Supporting Fund for Revitalization of Securities Market

To keep investment's persistent desire notwithstanding unstable securities market, KSD has joined the Market Supporting Fund, which invests assets belonging to securities-related institutions in Korean securities market. This joint fund of securities-related institutions with the size of 515 billion won has been in operation for three years. KSD's contribution to the Market Supporting Fund is an embodiment of its mandate that it should safeguard our financial markets. KSD also supports the Bond Market Stability Fund providing approximately 30 billion KRW.

Smile Project of Finance Support

Microcredit is currently emerging alternative financing, which provides no-security and low-interest small loans to people of less privileged class. Securities-related institutions, KSD included, signed an agreement to donate 50 billion won to Smile Project of Finance Support, a microcredit project. The source of fund was earnings from the Market Supporting Fund and KSD's contribution was 20 billion won.

Finding Owners of Dormant Stocks

With a view to safeguard shareholders' dormant rights and save maintenance and other unnecessary social cost, KSD staged 'the Campaign of Finding Owners of Dormant Stock' in July 2005. For the campaign, KSD sent notice to 6,300 stockholders who owned unclaimed stock beyond a certain amount and made available KSD's homepage and ARS service, before 61 million stocks amounting to 225 billion won were claimed by and returned to about 7,800 people.

▼Smile Finance Fund Donation Ceremony



More happiness



We are finding a better world

Everybody seeks to find out a better way to make the world a happier place.

KSD will carry out its social contribution activities systematically and expand communication with stakeholders, thereby playing its role faithfully as a corporate citizen.

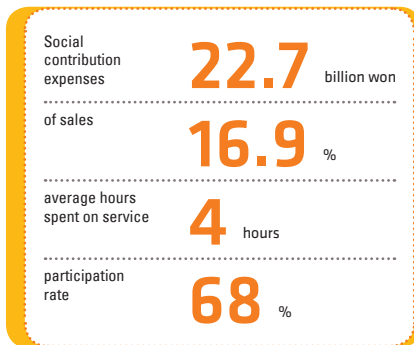
Society

- 24 Corporate Culture of Good Spirit and Life
- 28 Clean and Transparent Corporate Culture
- 30 Maximized Value for Customers
- 32 Human Resource Development
- 35 Management-Union Collaboration

Corporate Culture of Good Spirit and Life

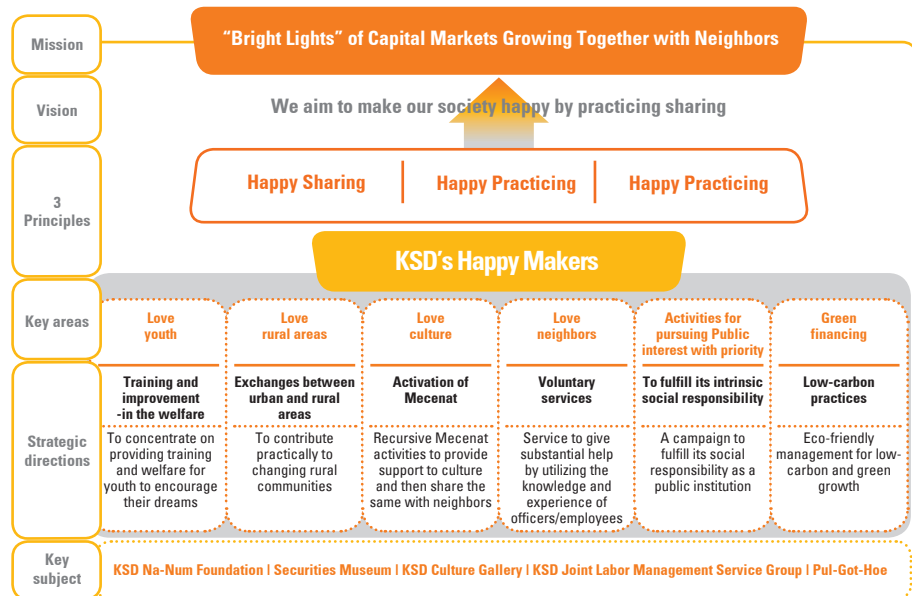
KSD's Social Contribution

▼2009 Social Contribution Activities, as indicated by figure



KSD's slogans of "Light of Capital Market", and "Good and Sound Company with Many Volunteers" expresses its bona fide spirit. Under these slogans, it has established vision and strategy for social services with 4 major orientations: love of youth, love of rural community, love of neighbors, love of culture. It is now engaged in 15 social service activities such as financial education, one-company-one-town urban-rural interrelation, and free meal service, to name a few.

▼Strategic System for Social Contribution Activities



Social Contribution Task Force

In an effort to realize its corporate value of sharing on a systematic and consistent basis, KSD organized a task force for social contribution within general administration division in October 2008. The task force has been developing strategy of carrying out social services and lending itself as outlet for internal and external communication.

KSD Volunteering Organization

KSD has been operating a number of organizations to provide social services, serving free meals, supporting social welfare facilities and doing goodwill activities in rural communities. Examples are: KSD Happy Makers, a volunteer group; KSD management-union joint service crew; 'Pul-Got-Hoe', KSD's charity volunteer service group.

▼KSD Volunteer Group Services

Volunteer Group	Composition	Activities	Figures
KSD Happy Makers	Community Service Crew of Officers and Workers	Social Service and Donation to the Marginalized. 1-office-1-community Friendship	1,138 people per year
KSD management-union joint service crew	Services by Joint Effort of Union Leader, CEO, Managing Director, etc.	Free Meal Service; Voluntary Services for Social Enterprises at Least Twice per year; and Service for Halt Children's Services	12 regular services; 3 special services
Pul-Got-Hoe	Voluntary Service Group of Officers and Workers (Joined by 85% of Total Employees)	Services for juvenile housemasters, less-privileged teenagers, the disabled, seniors, and at service facilities	389 members, 2,371 accounts, 670 million won donated (in aggregate)

KSD Na-Num Foundation

To promote sharing spirit with the community, KSD contributed 11.5 billion won to launch KSD Na-Num Foundation, 10 billion won as social contribution fund set aside from saved expenses and dormant stocks and 1.5 billion won for annual operation expense. Its target being set for shaping teenagers' future visions and cultivating economic mind, among others, the reaching out operations covers three main areas: financial education, student aid, and aid to underdeveloped countries.

▼KSD Na-Num Foundation Activities

Shaping Future Vision and Base for Self-supporting
+ Fulfilling International Duty of Contribution to the Public

Realizing Social Contribution via Sharing and Cooperation

KSD Na-Num Foundation

Financial Education

Activities

- Consolidated already present financial education into KSD Na-Num Foundation Fund
- Visiting low-income areas to give financial education to children
- Providing simulation-based financial education in conjunction with the Securities Museum
- Producing financial materials and DVD's for juvenile education and supplying them to schools and libraries

Outcomes

- 217 simulation-based financial education attended with 18,742 attendees in aggregate
- 3 financing camps, with 240 attendees in aggregate



Student Aid

- Supporting minors from socially disadvantaged class and teenager housemasters with living expense or student aid
- Student aid to non-Seoul college students for the sake of balanced development and fostering financial elites in areas remote from Seoul.
- 144 million won supplied to 240 students from primary to college students in 2009

- Granting scholarship of 67.28 million won to 269 students from primary to college Students
- Granting scholarship of 55.62 million won to 29 non-Seoul college students



Aid to Developing Countries

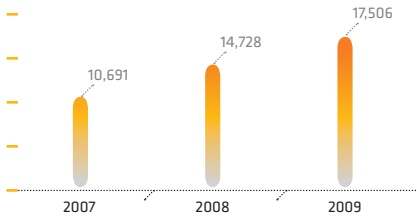
- Founding financing-related schools including management college in Asian and African developing countries such as Cambodia, Laos
- Improving financial infrastructure and assisting with a variety by dispatching financial experts and inviting to workshop
- Engaging in international aid campaigns for health, medication, education, housing, etc.

- Engaged in international aid campaign in Laos and Cambodia
- Providing 27.33 million won as aid



▼ Securities Museum Vistors

Unit: number of persons



▼ Founding Securities Museum & Docent System

KSD introduced Docent System in Jan. 2009 providing opportunity to share talents with community residents. To date, all 9 Docent specialists have participated in 247 activities.

Strategic Social Contribution

In an attempt to advance social contribution activities in conjunction with the basic service operations, KSD has founded the Securities Museum to undertake a variety of financial education.

The Securities Museum

A legacy of securities' history and tradition, the Securities Museum is a place vividly used for securities and economic education as the only museum of securities in Korea. The Museum is displaying securities instruments of rare historical or artistic value and those of world renowned corporations. Also displayed is state-of-the-art digital educational equipment with built-in educational program on artificial intelligence such as Kiosk and Sliding Vision which explains to the viewers the sophisticated mechanism of securities market, as an addition to interesting attractions.

In addition, it features securities-related simulations such as how to identify fake securities and process to create "my own securities" to allow the public comfortable access to complicated securities in reality. Also available is customized education program on securities and the economy for group visitors.

Financial Education

Having consolidated various financial education into KSD Na-Num Foundation, KSD reaches out to children and teenagers from of low-income marginalized area, providing financial education. KSD further provides life-like simulation-based financial education through site trip and best practices in conjunction with the Securities Museum.

Unlike the traditional theory-based economic education, this mode of education is simulation-based making possible multi-sided activities of allowance management, investment in securities, organizing an incorporation, economic board games, all tailored to students' age and educational background.

▼ Financial Education Contents and Results

Category	Contents	Results in 2009
On-Visit Financial Education	• Financial education to youth and donation of books on economy and stationeries in financially marginalized town or county	89 times; 10,272 people
Financial Education at Securities Museum	• Financial education, guide to museum display; simulation-based class on securities, etc. • Primary schoolers: A note on allowances; Let's Experience Finance and Investment • Middle and high schoolers: Finance and Credit - A Lesson for Youth; Economic board game, etc. • College students and the public: Understanding of Securities Depository & Settlement System, etc.	128 times 8,470 people
Growing Bud's Financial Camp	• Inviting children from low-income family during summer recess to simulation-based financial class • Securities Museum tour, economic board game; playing future CEO, etc.	3 times 240 people

Social Contribution Supporting Policy

Social Contribution Supporting System

To spread out its corporate culture advocate that social contribution activity is a part of business operation, KSD is operating paid leave for public service and mileage program for volunteered work. Under this drive led by corporation, 68% of the entire officers and workers have participated in public service, the total being 1237.2 hours per year.

To encourage more voluntary participation, we will keep examining the necessity to expressly set forth compensation for damage as requirement and have the workers in volunteer service insured for damage that may occur during the course of service activity.

▼ Social Contribution Supporting System

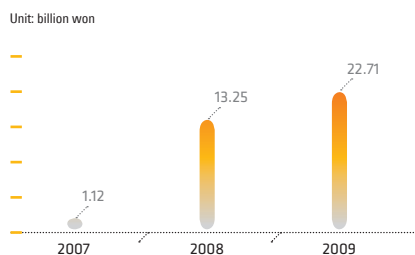
Category	Description
Paid leave for public service	<ul style="list-style-type: none"> • Paid leave for public service is available upon application up to 3 days. • Public service on an individual basis is also eligible.
Mileage program for volunteered work	<ul style="list-style-type: none"> • Mileage is granted for social contribution activity, combined with evaluation and award granting to excellence.

Investment for Social Contribution

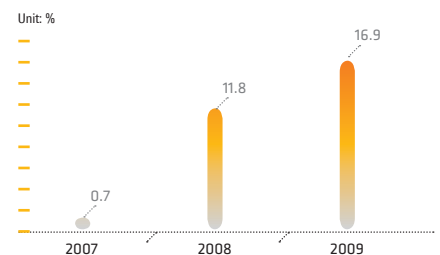
KSD's social contribution in 2009 is 22.7 billion won, representing 20 times of 1.12 billion in 2007 and 16.9% of total sales, or 160 times greater than that of the average member company of the Federation of Korean Industries, which is just 0.1%. Keeping in mind that it was an extraordinary situation where contribution to Smile Finance accounted for the largest total amount of social contribution in 2009, we will make continuous effort to invest in social contribution in the future.

▼ Social Contribution Investments

Expenditures for Social Contribution



Percentage of expenditures for social contribution to sales



▼ 2009 Social Contribution Corporate Awards



Receiving 2009 Social Contribution Corporate Awards

Granted by Korean Economic Daily, 'Social Contribution Corporate Awards' is an award to a company exemplary in social contribution activities with the aim at continuous development of corporations and settling down sound culture of social contribution. For its activities such as founding KSD Na-Num Foundation, financial education for youth of marginalized areas, student aid to less-privileged youth, aid to overseas developing countries with vegetation planting and health and education improvement, KSD has been the recipient of the award for three consecutive years.

Clean and Transparent Corporate Culture

Ethical Management

Guided by its business tenet placing priority on the public good, KSD has launched ethical management to establish the incorruptible and transparent corporate culture, setting the goal of discharging its duty to customers and the public in the most faithful manner.

Operating Units for Ethical Management

For company-wide application of ethical management, KSD has operating two-tiered system composed of the Ethics Management Commission and a task force: the former makes decisions on how to improve ethical management systems and the latter operates program for practice and collects feedback.

Ethical Management Mandates

Enforcing Ethical Management Code, which consists of 10 commands for ethical management, behavioral code for officers and workers, mandates relating to reporting of corruption case and protection of tippers, KSD has published KSD Ethical Management Practice Guide presenting ethical management guidelines and exemplary cases, and distributed to entire officers and workers so that the principles and cases of ethical management are easily available around.

Education for Ethical Management

To enhance officers' and workers' sense of ethical management and communicate exemplary cases to the public, KSD has been continuously providing education on ethical management on- and off-line. In 2009, 1,859 people received 28 ethical management education classes to complete the program under the theme of UN Global Compact, ethical management practice guide, and corporation's ethical management cases. KSD so arranged that officers and workers can conveniently receive ethical management education through ethical management cyber workshop.

Clean Service Contract

Based on the stipulation of officers' clean performance contract, the management of KSD maintains clean service contract system and management targets.

Entrance into UN Global Compact

To keep pace with trend of socially responsible management, KSD has been positive to promote ethical management and lay down cornerstone for sustainable management and sharing management. To do so, KSD entered into UN Global Compact (UNGC) in 2008 and has been observing 10 main principles with regard to human rights, labour, environment and anti-corruption.

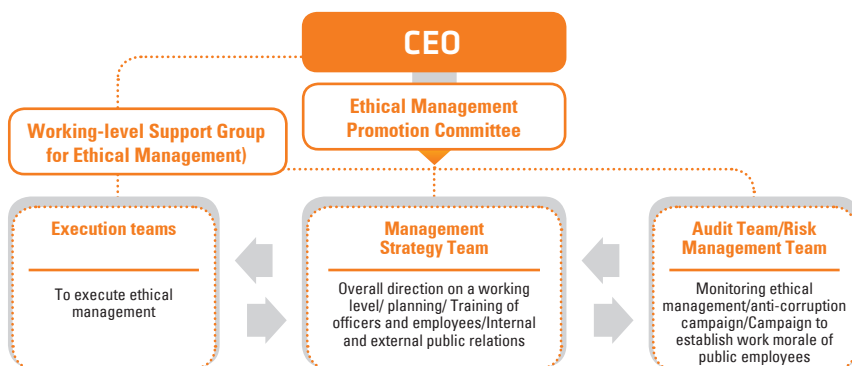
Ethical Management Index

Stepping beyond simple ethical management practice, KSD has implemented 'KSD Ethical Management Self-assurance' covering 26 items which may diagnose on ethical management and anti-corruption activity, for instance, CEO's firm commitment to ethical management.

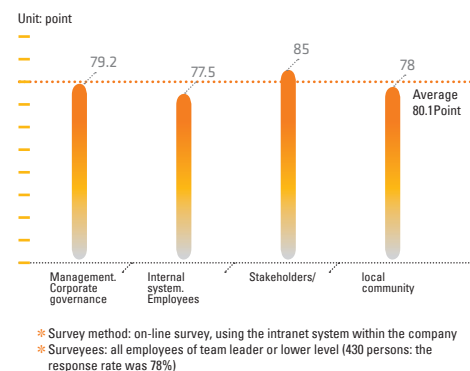
KSD has improved this ethical management self-analysis since 2009 and developed 'KSD Ethical Management Index' that is to perform analysis for 4 areas: governance of management; internal system and workers; stakeholders and communities. The result is 80.1 points marked on KSD's ethical management in 2009, which indicates that public interest in ethical management is on the rise and ethical management system is rooting itself as a part of corporate system.

We will assess the level of ethical management by applying ethical management index and locate the problems to solve, making consistent effort to develop ethical management into sustainable management ultimately.

▼ Operating Unit for Ethical Management

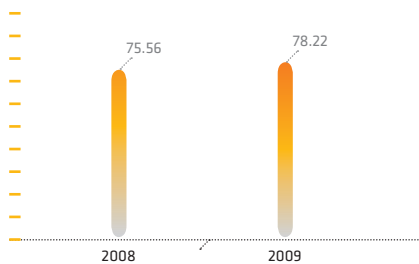


▼ Survey result on KSD's Ethical Management Index



▼ Satisfaction after Using Disclosed Management Information

Unit: %



▼ Number of Audits Conducted

Category	Number of Incidence
General audit	237
Comprehensive audit	12
Substantive audit	7
Inspectional audit	6
Personal Presence	19
Audit by External Audit	2
Total	283

▼ Incidence of Corruption Reported

	2007	2008	2009
Number of Reports	0	0	1

▼ Awarded 2009 Grand Prize of Korean Ethical Management



Clean and Transparent Management Activities

As the centralized depository & settlement institution dealing with more than 6,000 trillion won, KSD is committed to reinforcing auditory activities and enhancing transparency in operating work with the aim of removing any possibility of corruption.

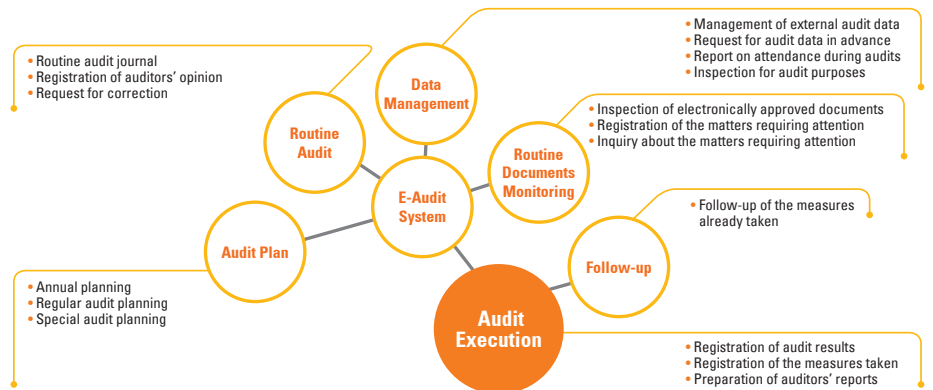
Management Disclosure System

For the sake of transparency in management and stakeholder's right to know management information, KSD discloses such information including as general current aspects of the corporation, current financial aspects, the results of independent audit, projects undertaken by the head of institution on the KSD Website and Alio, a public institution management disclosure system.

To secure accuracy and responsibility, KSD has appointed recorder and supervisor for each item and had information disclosed within 14 days from occurrence. Besides, it has enhanced accessibility to information by virtue of connection with search item on major information, and conducted survey for satisfaction with management disclosure to improve quality of management disclosure.

E-Audit System Management

To secure transparency and prevent corruption, KSD is endeavoring to implementing reasonable audit and reinforcing internal control system under the audit directive and other relevant directions. Furthermore, it has established the e-Audit System to administer and concurrently monitor audit process in a systematic way, which has pushed its audit system to the next level. KSD complies with all applicable laws and public policies under municipal laws, through this audit system



Introduction of Ombudsman System

To convert internal tipping system which has been operated by audit team and the executive auditor into a system where a neutral and independent person outside the corporation takes charge more trustfully, KSD has appointed independent personnel outside the corporation as ombudsman. Under the ombudsman system, KSD believes workers inside corporation are encouraged to positively report of any fault or hardship.

Awarded 2009 Grand Prize of Korean Ethical Management

Guided by the management's firm commitment to ethical management, KSD is implementing the strategy to operate ethical management and develop operational system and program compatible with the internal aspects of corporation. As a result, clean and transparent management has settled across the organization and KSD was awarded Grand Prize of Korean Ethical Management in 2009, after receiving outstanding evaluation. In order to realize clean and transparent culture, we will make every effort to keep this momentum going ahead and develop ethical management into KSD's permanent corporate culture.

Maximized Value for Customers

Customer-friendly Business System

As Customers' demand is increasing, KSD is providing market-friendly service as a public institution having social responsibility. In response to this, KSD has been making ceaseless efforts to be of practical help to customers. All our efforts is ultimately directed to customer satisfaction, based on KSD's belief in customer trust, giving priority to public good and open idea.

Customer Satisfaction Management System

'KSD, customer-trusted happiness infrastructure' expresses KSD's vision on customer satisfaction. To realize this vision, KSD has been promoting customer satisfaction (CS) strategy on the ground with expressing its core value, "KSD, smart, professional and dynamic, which knows customers".

Operating Unit for Customer Satisfaction

To manifest strong determination and conduct broader activities in favor of CS, KSD expanded CS Promotion Commission into CS Execution Commission and organized a task force.

CS Education

To foster competition power and customer-oriented mind of officers and workers, KSD is providing CS training such as CS mind and practice, communicating with customer, managing customer complaints. For better CS capacity, KSD is planning to divide the courses and develop programs separately so as to be applicable to each position of officers and workers within the corporation.

Seeking Strong Bonds with Customers

In order to swiftly respond to customer needs and build up friendly relationship with customers, KSD performs various activities and always leaves communication channels open.

Meeting with CEO and CEO's Love Letter

The biannual Meeting with CEO is our effort to hear customer complaints and compliment whole and intact. The Meeting will be scheduled to be held 4 times a year from 2010. Through this opportunity, 17 customer opinions were heard and 14 cases out of them were ultimately reflected in the corporate policy in Year 2009. Furthermore, the CEO sent CEO-written Love Letter to 2,000 KSD customers, expressing gratitude and solid commitment to CS.

Such CS services which CEO is involved in person has helped KSD build hospitable CEO-customer relationship and proceed with customer friendly management.

CS Camp

For more efficient communication amongst those engaged in the same type of service - deposit, settlement, fund, etc. -, KSD has held annual CS camp since 2006. In the camp, KSD identifies customer needs and demands and reflects them in policy making and management.

Site Trip to Overseas Financial Institutions

To enhance awareness of global financial environment and significance of infrastructure, and to solidify bond with customers of the same type of service, KSD offers site trip and training to overseas financial institutions. Besides, KSD arranges those on overseas site trip to build up close connection with personnel from Korean financial institution posted overseas through seminar or otherwise.

▼ Figures Showing 2009 CS Activities



▼ CEO Love Letter



▼ CS Camp



▼ VOC Receiving Channels

VOC Receiving Channels	Methods
Call center	Over the phone
Customer suggestion on Website	Online receipt through menus of Q&A, Customer suggestions
SAFE Helpdesk	Via communication system between KSD and depositors
Meetings and Conferences	Through conferences of each team
Survey on service discharge	By survey on Website
Messenger	Through messenger with customers
Customer Meeting	Through direct meeting with customers

▼ VOC Receipts

(unit: number of incidents)	2007	2008	2009
Call Center	83,915	64,509	77,462
Customer Suggestion on Webpage	672	301	492
SAFE Helpdesk*	2,251	1,703	-

* SAFE Helpdesk was incorporated into Call Center in 2009

Channel of Voice of Customer (VOC)

It was in 1999 when KSD first launched customer service window to respond to customer inquiries quickly. Since then, it has introduced multi-dimensional on and offline monitoring channels such as call center, SAFE helpdesks, Website. Besides, it periodically examines VOC responding process to make sure that customer feedback is certain to be received.

VOC Integrated Maintenance

KSD recently upgraded integrating function such as VOC Today, Periodic Statistics via VOC receipt and maintenance in conjunction with KCRM, a customer management system. Now, instant acknowledgement of and response to changes and matters to be improved can be identified.

As a result of VOC channel diversification and integration, incidence of VOC Receipt has been increasing to see 77,954 cases received in 2009, which was reflected into the management process by relevant department.

Instant Response on VOC

KSD has made rules to respond to different questions within different period: routine question is immediately answered and managerial advice or opinion is answered within up to 7 days.

Maintenance of Customer Information

KSD administers a strict confidentiality policy on information of the public institutions that is in its custody. For confidentiality of the customers, it is operating KCRM via closed intranet and when signing a contract with an outside entity, it ensures that confidentiality agreement is signed. Printed matter approval system, integrated maintenance system, PC patch maintenance system are a few of other methods employed to bolster the protection of customer information.

These protection and maintenance of customer information will keep upgrading in line with the establishment of next generation system.

The Results of CS management

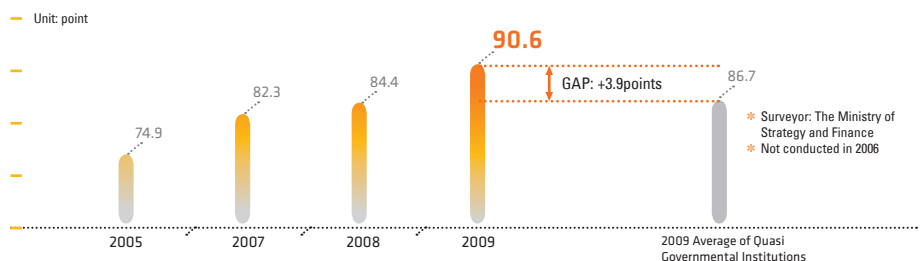
Through efforts such as planning CS activities, continuous commitment to activities on customer's compassion, CS training, and CS quality enhancement, KSD has been refining CS management to create better customer satisfaction.

Selected as Public Institution with Excellent CS in 2009

By virtue of restless promotion of CS management, KSD has accomplished a remarkable customer satisfaction. Motivation and commitment to CS management have been growing, which lead to enhance customer satisfaction, as shown by figures: Public Institution Customer Satisfaction Index (PCSI) shows sharp increase from 82.3 in 2007, 84.4 in 2008 and 90.6 in 2009.

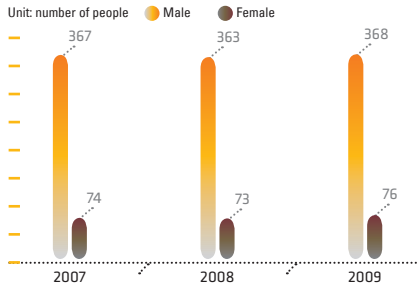
KSD promises to continue and upgrade CS activities, playing its role as a public institution committed to improving values for customers.

▼ PCSI Index Results

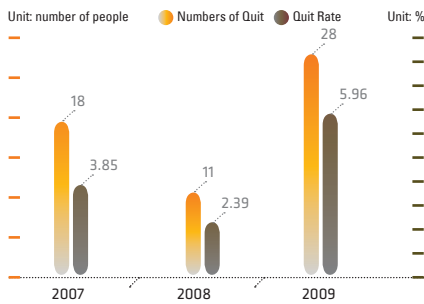


Human Resource Development

▼ Number of Officers and Workers



▼ Quit Rate by Year



	2007	2008	2009
General workers	3	4	4
Contract workers	15	7	5
Others*	-	-	19
Total	18	11	28

* Others(Young interns, etc.)

▼ Woman Workers

	2007	2008	2009
Number of woman workers	74	73	76
Number of woman managers	3	4	4
Ratio of woman workers	16.8%	16.7%	17.1%

▼ Employment b/o Equal Opportunity

Category	Total number	Target Employment	Number of the Employed	Ratio of the Employed
Women	444	30%	4	36%
Graduates from non-Seoul College		20%	2	18%

Officers and Workers

In as much as the momentum of growth to the status of CSD as a global partner lies in securing competent human power, KSD makes strategic approach in fostering human resources.

Continuous Hiring

Having employed 11 new recruits in 2009, KSD is now staffed with 444 full-time officers and workers in total, whose average employment period is 15 years and 1 month. KSD has also hired young interns, keeping pace with the government's campaign towards full employment.

Quit Rate

Although the quit rate was 5.96% in 2009, this figure represents quitting of contract workers and interns, and quit rate of full timers has remained low at 0.85%.

Fair and Transparent Hiring

As a public institution expected to advocate giving priority on the socially disadvantaged and alleviating bi-polarization of the society, KSD places emphasis on fair practice and transparency in hiring process. Specifically, it stands up against discrimination based on schooling background, age and sex and strictly observes relevant laws and regulations.

Championing Equal Opportunity for Women

Affirmatively having set the target of hiring women in 30% of new recruit, KSD hired 4 new women in 2009 regular open recruit, exceeding the targeted ratio.

Aside from equal opportunity in hiring, KSD keeps paying identical amounts between both genders and ensures that men and women receive equal treatment with respect to promotion and compensation. Besides, KSD expanded maternity leave from 1 year to 2 years and started infertility leave so that woman workers do both functions: work and childcare.

Employment Opportunity for the Handicapped

As a result of KSD's introduction and operation of scoring system for hiring the disabled, in 2009, the number of handicapped workers of KSD were 17, representing 3.9% of 444 entire workers. We promise to continue to make sure that no discrimination against the handicapped workers will take place.

Employment based on Equal Treatment

Keeping fair treatment and equal opportunity in mind, KSD in 2008 abolished restrictions that had long been placed on school background and major study at college, with a view to securing fair and transparent hiring system. To further pursue social fairness and equal opportunity, KSD went on to set the target ratio of 20% in hiring graduates of non-Seoul colleges.

Efforts at Human Rights

No Forced Labor and Child Labor

To stand against forced labor and child labor, KSD has been complying with UN Global Compact Labor Standards, ILO's Convention Concerning the Prohibition and Immediate Action Toward the Elimination of the Worst Forms of Child Labor and Korean Labor Standard Act.

▼ Education for Prevention of Sexual Harassment

	2007	2008	2009
Subject	Sexual harassment	Sexual harassment	Sexual harassment : Prostitution
Number of Session	2	1	1
Attending ratio	100%	94%	91%
Duration	90 minutes	60 minutes	60 minutes

Prevention of Sexual Harassment

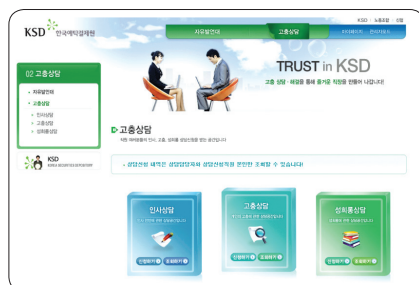
With the number of woman workers continuously increasing, KSD has made a variety of efforts to prevent sexual harassment and protect human rights of women. Such efforts include setting up project to prevent sexual harassment, designation of consultant for sexual harassment, establishing problem hearing commission and creating guidebook for preventing sexual harassment. In 2009, over 90% of the KSD's workers and officers completed education on sexual harassment prevention.

Problem Hearing for Officers and Workers

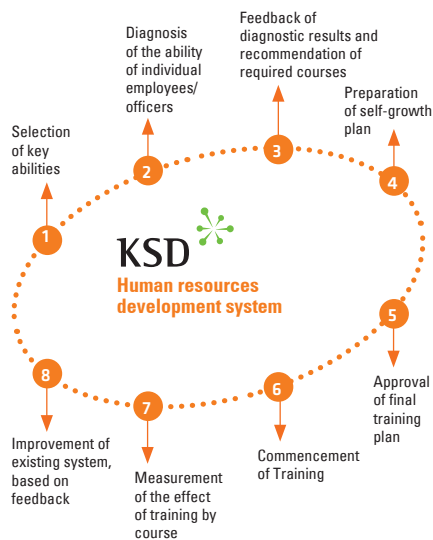
Recognizing that sustenance of a corporation is impossible without enjoyable atmosphere of the corporation where management and union exchange hospitable communication, KSD has been operating TLC(Three Layered Communication) system. The TLC makes it possible to organically integrate the communication channels by having the highest direct communication channel and incorporating its subordinate direct channel into collective channel.

▼ Communication by TLC System

▼ Problem Hearing System



▼ Human Resources Development System (HRD)



1st Layer 'Direct Communication' (vis-à-vis communication, Online Communication)

- Communication via direct facing with CEO or staff like town meeting.
- Online communication on labor union website, bulletin board for hearing, Change! IDEA board
- Direct communication through labor spirit boosting event, etc.

2nd Layer 'Collective communication (Brain Storming)'

- Communication between workers and CEO with intermediation of labor union (collective bargaining, wage agreement and other formal communication Channel regarding basic management-union matters)
- Brain Storming communication through management union joint workshop, etc.
- Communication via management-union program operation such as KSD management-Union Joint Service Crew

3rd Layer 'Direct Communication'

- The Supreme communication channel reflecting commitment to establishing CEO-led communication
- Pursuit of transparent communication via disclosure of management information system
- Pursuit of communication by organic conjunction comprehending individual communication and collective communication.

Human Resource Development System

'The global man', 'the professional pursuing the best', 'innovating challenger with creative mind', 'servicer seeking the ultimate value for customers' are KSD's mottos representing what it considers is the ideal image of human resources. Based on this philosophy, KSD is promoting human resource development (HRD) in the long-term, under systematic strategy to help achieve its management goal.

Self-Growth Project

Based on HRD system, KSD has been setting individually tailored workshop project taking each officer's and worker's competence and needs into account, for maximizing education effect and organized HRD system. The core essential capacity of team master, section master, and team members are selected and analyzed, the results of which are compared to help establish individual-based self-growth project (annual workshop project) considering individual career development path (CDP). In 2009, 420 workers subject to workshop project established 700 self-growth projects, setting the average per person at 1.67 project per person.

▼ Training Hours(by Position or Task)

	Trainees (person)	Total Training Hours (hrs)	Training Hours per Person (hrs/person)
2007	455	55,705	122.43
2008	450	48,520	103.37
2009	459	46,518	101.30

Education and Training Program

To ensure substantial enhancement of the organization's performance by virtue of improving capability of officers and workers, KSD has eliminated or significantly slashed ineffective courses and regrouped the courses by individual caliber (common, administrative, operational), achieving high efficiency in education courses and high productivity of the organization.

The Results of Education and Training

The whole body of employees, including contract-based workers, received education and training for, in aggregate, 46,518 hours, or 101 hours per person in 2009. All the training course proceeds pursuant to individual officer's and worker's own prepared self-growth project.

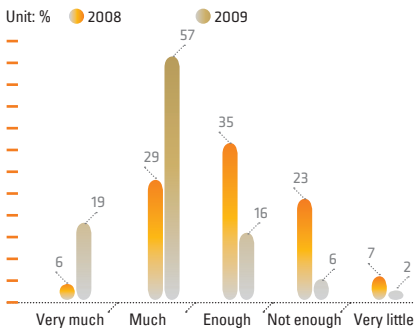
Development of Global Professionals

Keeping abreast of ever expanding international market, KSD has been investing its resources in fostering global professionals in order to reinforce international network and secure business bases. The outcome is upgraded capability of global communication, learning of global financing trend and overseas academic workshops, and more remarkably, signing CSD and MOU, exporting infrastructure of depository & settlement system.

Provision of Lifelong Learning Program

For those who will retire from KSD at the retirement age or pursuant to the early retirement program, KSD provides education for one year on their post-retirement life. KSD also provides support to KSD retirees' gathering.

▼ Satisfactory Level of Optional Welfare System



Merit-based System

Merit-based Evaluation and Compensation System

In order to maximize individual performance and management efficiency, KSD is implementing merit-based compensation, contingent on professional or hazardous nature of task and magnitude of responsibility. Moreover, in line with recent financial crisis and resulting economic downturn, KSD has largely reorganized the necessity of incorporating the officers' compensation system into a simple one consisting of basic salary and merit-based compensation based on managerial evaluation. Besides, it has introduced wage peak system, for the sake of stable employment and efficient management.

Transparent Personnel Management

KSD disclose major personnel management rules to the entire workers through rule management system. When change of rules or procedures is necessary, it consults the union in advance. There are other various means to implement transparent and predictable personnel management: preannouncement system, which requires disclosing of standards for regular personnel decision within 7 business days; public offer for important position; self-declaring system where an individual worker applies for his or her desired department; and open personnel management system based on regular assessment of aptitude for given tasks.

▼ Welfare Program for Officers and Workers

	Program
Health, Safety	Health checkup, fitness center, anti-smoking programs, etc.
Stabilization of residence	Provision of company housing, provision of funds in purchase and lease of residence, etc.
Nurture of children	Expansion of maternal leave and childcare leave of absence, Payment of school loans and scholarships, 3 children support system, etc.

Health and Security of Officers and Workers

Optional Welfare System

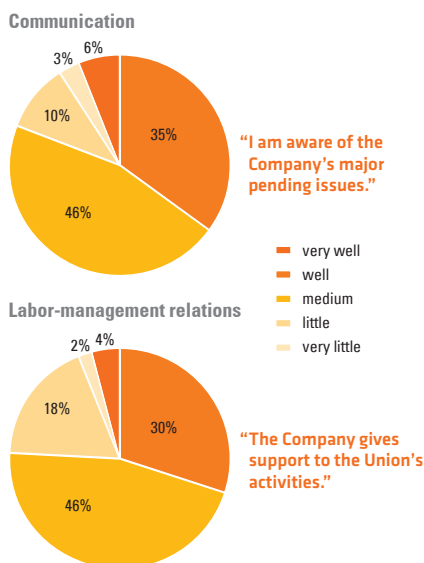
KSD is operating dual welfare program: After reducing significantly pre-existing welfare system, KSD has added optional welfare system, with the aim of encouraging work spirit and executing welfare budget more efficiently. As personal needs are met by virtue of optional welfare system, officers' satisfaction has increased to 76% feeling satisfied and cost has been saved in 2.3 billion won as the result of unnecessary welfare system reduced or abolished.

Management-Union Collaboration

▼ Labor-management Communication Channel and Related Activities

Labor-management Communication Channel	<ul style="list-style-type: none"> • Labor management council (once a month) • Labor management informal meetings • Joint labor management workshop • Labor management working-level council (once a quarter) • TLC(Three Layered Communication) system • Problem resolution system
Activities for promoting Labor-management communication	<ul style="list-style-type: none"> • CEO CEO-initiated Hof Days and town-meetings for labor-management harmony (55 times) • Dispatch of letters from CEO to employees (5 times) • Tennis tournament for president's cup • Mounting trekking by employees and officers; holding 3S trekking contests with new comers, etc.

▼ Survey to measure satisfaction concerning labor management relations



Management-Union Culture of Coexistence

Current Profile of Union

The KSD Union started in 1983 and the membership of which is guaranteed upon hiring. KSD guarantees union membership and activities to all of its workers except for high ranked managers such as team masters, workers at personnel management, auditing, labor and secretaries. With 378 members, equivalent to 80% of the entire workers, KSD Union has recorded no dispute of any types since its start.

Advanced Management-Union Relationship

In an effort to prevent conflicts, KSD has built management-union agreement process and engaged in vitalized management-union communication. Major issues are consulted in management-union executive conference, a monthly meeting and management-union conference, a quarterly meeting, before being agreed upon between both parties. KSD collects feedback from officers and workers through satisfaction survey, which is expected to induce more participation in management-union consulting process.

Major Collective Negotiation Results

In a gesture to share sufferings with the public, KSD Union returned 7% of wage of 2008, agreed in favor of 5% cutback of 2009 wage and used saved compensation for charity and budget to hire young interns.

Management-union Satisfactory Level Survey

In April every year, KSD conduct survey for level of satisfaction with management-union relationship and reflect the results to how to improve it.

Advancing Innovative Culture

New Innovation Technique Introduced and Expanded

Based on new innovative management strategy contemplating internal and external management surroundings, KSD has introduced Action Learning, an innovative technique, and operated education program armed with new technique.

Evaluation of Innovative Management Activity and Compensation

KSD has built a system compensating superior case and worker of excellence through innovation performance evaluation and BP contests. The result is to enhance company-wide innovative mind.

Innovation Suggestion, 'Change! Idea Festival'

KSD encourages liberal discussion and opinion expression via intra-company portal (KMS-Knowledge Spring) especially on 'Change IDEA' board and Feedback board. Every year it holds 'Change! Idea Festival' and to encourage workers' participation in discussion to offer suggestions on KSD's tasks and find out a new task.

Under the theme of organization culture and ethical management, 302 suggestions were received in Year 2009. Among those, excellent ones were assigned to relevant departments for reviewing and finally reflected in business project of the following year.

More green



We are looking to the future

Making contributions toward the future of the earth by putting in action good ideas related to environment.

KSD will respond actively to the government policy concerning low carbon and green growth by reducing use of energy and resources and will minimize environmental impacts coming from the operation of enterprises by implementing operating environmental improvement programs and managing environmental performance

Environment

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Participation in Green Growth and Conservation

Participation in Low Carbon Green Growth Policy

Now that climate change is a global issue, causing huge influence on social paradigm, each developed country has been responding with making policies or laying infrastructure to prevent or deter climate change. In parallel, Korean government declared 'low carbon green growth' as a national vision and decided to reduce green gas emission down to 4% by Year 2020.

Observing Governmental Directive and Promoting Energy Saving

In 2009, KSD replaced lights of its culture gallery with LED lights, thereby saving energy use by more than 40%. It has set energy saving policies pursuant to The Directive for Public Institution Energy Consumption Rationalization and is performing a variety of energy saving activities.

Lowering Greenhouse Gas Emission via Electronic Securities and Voting

KSD upholds the government-led green growth policy and makes efforts to contribute to conserving environment. The electronic securities, which is yet to be introduced, is expected to deliver a positive impact to environment by helping save costs associated with issuance and trading of physical instrument. So is electronic voting, which will cause reduced transportation costs and gas emission by removing the need to attend shareholders' meeting and eliminating paper use for sending notices to stockholders as well as voting in the traditional way.

Participation in the Carbon Emission Credit Market Using Back-Office

In response to The United Nations Framework Convention on Climate Change (FCCC), KSD has been engaged in investigation and research activities on the basis of KSD's unique Back-Office function and network including: holding seminars on carbon emission credit (CEC) with the aim of providing service of deposit, clearing and settlement within the CEC market; securing major countries' information materials related to CEC market; and CEC trading.

Energy Saving and Conservation Activities

For low carbon environment, KSD is promoting conservation activities as social contribution, together with energy saving campaign.

Environment-Friendly Culture of Commuting

In support of governmental low carbon policy and for workers' health, KSD is promoting BMW (Bus, Metro, Walk) commuting campaign, bike commuting campaign and operating a carpool program via "K-e board" on KSD Intranet.

Also, to encourage officers and workers to commute expand commuting by bike, KSD is planning to designate a bike day, construct or renovate bike-related facilities, and introduce environmental mileage system. For mileage system, environmental mileage is supposed to be consolidated with voluntary service mileage to get qualified for individual benefit or offered for donation.

Screen Conference

The Head Office, Ilsan Center, 3 branch offices (Busan, Daejeon, Gwangju) have introduced screen conference system so as to induce positive effects such as productivity increase due to shortened time, saving costs of business trip, reduced gas emission caused by business trip.

Strategic Linkage between Environment Conservation and Social Contribution

KSD is playing strategic activities linking environmental conservation to social contribution activities such as 1-office-1-river cleaning campaign, 1-office-1-village rebuilding campaign, and refining around the workplace.

Entire Workers Participation in Conservation Efforts

Under the slogan 'Trash in backpack, sweat on forehead' the whole body of KSD staff takes part in environmental conservation activities once a year. Through these involvement, the corporate culture has been enriched with improving understanding of conservation and elevated spirit of collaboration between officers and workers as well.

Plan for Future Activities

To maintain continuous and systematic administration of environmental management and conservation, KSD is planning various activities in prospect: Expanding and reinforcing carbon neutral activities; entrance into global environment initiative; and setting metric targets on environmental issues. With these efforts, KSD will remain committed to environment-wise policies and activities.

Environmental Management

Energy and Resource Use Control

Via data maintenance of resources and energy used for managerial activities, KSD is making efforts to reduce consumption and increase efficiency in use.

Energy Consumption

For energy, KSD is relying on electric power, LNG, and local source of heating. Partly due to establishment of next generation system, the total energy consumption at the Head Office and Ilsan Center has increased to 6,796,404KWh of power and 2,11,887m³ of LNG. For the purpose of reducing energy consumption ultimately, KSD is now developing a plan to implement energy consumption that allows monitoring of consumption.

Greenhouse Gas Emission Control

Increased consumption of power and LNG pushed greenhouse gas (GHG) emission level to 3,950 tons, 3% greater than the previous year. KSD is under way to make a control plan setting target of GHG emission reduction and GHG intensity.

Water Use and Sewage

In 2009, KSD used 31,653 tons of water supply and process all the waste water with due sewage treatment.

Paper Consumption

Having used paper in the amount of 2,368 boxes (1 box contains 250 sheets) in 2009, KSD is encouraging electronic approval system and recycled use of one-side-used paper.

Waste

KSD is removing waste in a legitimate way via quantity-based system, taking care of waste paper, waste batteries and waste fluorescent lights via separated collection. The food waste coming out of in-house dining facilities is treated by professional waste collectors on contract.

Increased Purchase of Environment-friendly Products

In an attempt to construct environment-friendly culture, KSD is increasing spending environmental costs associated with, for example, LED lights replacement, purchase of hybrid car, environment friendly products.

Environmental Investment

KSD is developing environmental investment activities such as LED light replacement, purchase of hybrid cars or cars equipped with a pollution-reducing gadget. Due to yet incomplete basis for green growth, the total cost of environmental investment is hard to assess in relation with costs of education and investment, which will be complemented prospectively.

Purchase of Environment-friendly Products

Setting plans to purchase environment friendly products every year, KSD makes "green purchase" of frequently used products like toner cartridge, computer monitor, office paper, office appliances and office furniture. In 2009, total expenses disbursed to purchase environment friendly products was 0.23 billion won, 70% increase in the amount compared to the previous year.

▼The Results of environmental management

Inputs

	Electricity consumption (Kwh)	LNG consumption (m ³)	Consumption of heat source for district heating/water (Gcal/h)	Water consumption (Ton)	Paper consumption (Box)	Environment-friendly purchasing (1,000KRW)
2007	6,445,229	182,741	1,344	27,905	1,999	N/A
2008	6,632,508	189,379	1,454	32,414	2,364	136,000
2009	6,796,404	211,887	1,395	31,653	2,368	227,783

Outputs

Greenhouse Gas Emissions(tCO ₂ e)
3,703
3,824
3,950

Appendix

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Independent Assurance Statement

To Readers of KSD Sustainability Report of 2009

1. Overview

This auditor has received a request for an independent third-party assurance on KSD Sustainability Report of 2010. The responsibility for preparing this report belongs to the management of Korea Securities Depository (KSD) and this auditor's responsibility is to state the third-party assurance on this Report.

2. Assurance Scope

KSD describes its efforts and accomplishments with respect to sustainable management, and this auditor conducted assurance on the following matters:

- In terms of economic aspects: Whether the financial performance data were correctly extracted from KSD's Audit Report and Business Report regarding 2009 Financial Statements of KSD
- In terms of society/environmental aspects : Whether information contained in the Report has been described without material mistakes or bias.

3. Assurance Standards

This auditor conducted assurance based on "AA1000 AS(Assurance Standard)*" of Accountability. KSD applied Sustainability Reporting Guidelines(G3) of GRI(Global Reporting Initiative) when preparing the Sustainability Report.

* AA1000: A set of assurance Standards for sustainable report, which was developed in 1999 by Accountability, a non-profit organization located in Britain. As a test for inspecting a sustainability report, it presents 3 principles: Materiality, Completeness, and Responsiveness.

4. Independence

Except for providing assurance service, this auditor is absolutely independent, having no related interests whatsoever with KSD.

5. Major assurance Procedures

To provide statement of assurance, this auditor has performed the tasks stated below:

- Investigation of information materials on press or Web that related to KSD;
- Review of systems and processes used to generate information stated in the report;
- Interview with relevant person in charge, for evaluation of sustainability management and processes;
- Review of internal documents and source data; and
- Confirmation whether financial data has been correctly extracted from 2009 financial statements.

6. Assurance Statement

According to the aforementioned procedures, this auditor states the following opinion. This auditor finds that this Report contains no material error or bias.

Materiality : Does KSD own a reasonable and systematic process to find important issues? Does the Report contain all materials without omission?

KSD has developed and is maintaining its own materiality test framework connected to GRI Index and using this framework, it has founded important issues and contained all of them in the Report without omission.

Completeness : Does KSD understand important issues of its own finding and provide complete and

7. Recommended Improvements

balanced opinions regarding these issues in the Report?

KSD has built a variety of channels where customers, cooperating companies, local communities, officers and workers, NGO's and other diverse stakeholders may participate in. Through these channels, KSD is suggesting various and reasonable opinions regarding pending issues.

Responsiveness : Does KSD respond to important matters appropriately?

KSD has internal guidelines and processes to apply them when responding to important matters stated in the Report.

After conducting assurance on matters stated in this Report, this auditor has suggested as follows, and the corporation has agreed to improve as suggested, for the sake of enhanced sustainability in performing business operations.

- In order to solidify trust in sustainable activities and enhance completeness of this Sustainability Report, this auditor advises assessing not only on fortes but also on shortcomings and including the results in public disclosure.
- In terms of efficient response to important issues, maintaining ethical management homepage, CEO-customer meeting, and many other ideas and activities are highly appreciable. However, this auditor takes liberty of presenting a few opinions in the light of comprehensive and strategic approach to triple bottom lines of economy, community, environment, which constitute three main axis of sustainable management.
- First, upon setting a mid-to-long term management strategy, its connection to sustainable management strategic system should be more conspicuous.
- Secondly, acknowledging that environment-related activities is relatively weak due to the nature of your business, you would need to find way to compensate it by collecting ideas and reinforcing activities. To this end, an environment management roadmap will be essential.
- The Report presents many indexes indicating degree of the accomplishments. In order for stakeholders to be able to evaluate the progress of KSD operations, be advised to present certain index figures together with those of the previous year or target figures set for the next period.

March, 2010

Accounting Research Center, Chungang University

Jeeln Jang



장 지 인

GRI Index

	GRI	Page
Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization	2
1.2	Description of key impacts, risks, and opportunities	7,8
Organizational Profile		
2.1	Name of the organization	4
2.2	Primary brands, products, and/or services	4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	4
2.4	Location of organization's headquarters	4
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	4
2.6	Nature of ownership and legal form	6
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	3
2.8	Scale of the reporting organization (number of employees, net sales or net profits, capital adequacy ratio, quantity of products and services, etc.)	4
2.9	Significant changes during the reporting period regarding size, structure, or ownership	6
2.10	Awards received in the reporting period	48
Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Front flag
3.2	Date of most recent previous report (if any)	Front flag
3.3	Reporting cycle (annual, biennial, etc)	Front flag
3.4	Contact point for questions regarding the report or its contents	Front flag
3.5	Process for defining report content (determination of importance and priority, identifying stakeholders)	11
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Front flag
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	Front flag
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Front flag
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	Front flag
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement(e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Front flag
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Front flag
3.12	Table identifying the location of the Standard Disclosures in the report	42-46
3.13	Policy and current practice with regard to seeking external assurance for the report	40,41
Governance, Commitments, and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	6
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	6
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	6
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	6,35
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	6
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	6
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	6
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	7
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	6
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	6
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	6
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	9
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	48
4.14	List of stakeholder groups engaged by the organization	10
4.15	Basis for identification and selection of stakeholders with whom to engage	10
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	10,11
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	13,14,15

GRI Index	Description	KSD Index	Page
Economic Performance Indicators			
Disclosure on Management Approach			12
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Direct economic value generated and distributed, including revenues, operating costs, etc.	5,21
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Participating in carbon emission credit market	37
EC3	Coverage of the organization's defined benefit plan obligations	Officers and workers benefit program	34
EC4	Significant financial assistance received from government	(Never received financial assistance)	Not applicable
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Ratio of starting salary of new employees to statutory minimum wage.	32
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Securities Museum and Docent System	26
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Securities Museum and operating Docent System	26
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Social contribution related to services in financial sector.	24,25,26
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Stakeholder's return of value	19,21,22
Labor Practices and Decent Work Performance Indicators			
Disclosure on Management Approach			13
LA1	Total workforce by employment type, employment contract, and region	Officers and workers current profile	32
LA2	Total number and rate of employee turnover by age group, gender, and region	The number of workers who have quit / Quit rate	32
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Benefit programs for officers and workers	34
LA4	Percentage of employees covered by collective bargaining agreements	Membership of union current profile	35
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Management-union prior conference through management-union association	35
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	(Management-worker Health and Safety Committee not organized)	Not applicable
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	(No natural disaster)	Not applicable
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Operating optional benefit system, collecting satisfaction index by survey	34
LA9	Health and safety topics covered in formal agreements with trade unions	Securing health and safety of officers and workers via running benefit programs	32,34
LA10	Average hours of training per year per employee by employee category	Training hours for officers and workers.	34
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Providing continued education and arranging regular meetings for the retirees.	34
LA12	Percentage of employees receiving regular performance and career development reviews	The ratio of workers who has set a project for self career development	33,34
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	The ratio of women, the handicapped, the graduates from non-Seoul colleges.	32
LA14	Ratio of basic salary of men to women by employee category	Ratio of basic salary between men to women	32

GRI Index	Description	KSD Index	Page
Human Rights Performance Indicators			
Disclosure on Management Approach			13
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	(Have never signed an investment agreement for recent 3 years.)	Not applicable
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	(Screening on human rights not fully implemented)	Data insufficient
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Total number of education to prevent sexual harassment	33
HR4	Total number of incidents of discrimination and actions taken	Officers and workers problem hearing system	33
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Establishing and running management-union process	35
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Regulations prohibiting labor by minors	32
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Regulations prohibiting forced labor	32
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	(Human rights education for security personnel not fully implemented)	Data insufficient
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	VOC receipt and instant reply	31
Society Performance Indicators			
Disclosure on Management Approach			13
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Founding KSD Na-Num Foundation and engaging in other social contribution activities.	24
S02	Percentage and total number of business units analyzed for risks related to corruption	Number of reporting of corruption	29
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Number of ethical management training	28
S04	Actions taken in response to incidents of corruption.	Running e-audit system	29
S05	Public policy positions and participation in public policy development and lobbying	Legislation of electronic securities and supporting infrastructure build-up	19
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	(Observing domestic law prohibiting cash or in-kind contributions for a political reason in the name of KSD)	Not applicable
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	(The only legally recognized centralized depository settlement institution in Korea)	Not applicable
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	(No incidence of violating law)	Not applicable
Product Responsibility Performance Indicators			
Disclosure on Management Approach			13
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	(Not provide any product or service that may affect customer health and safety.)	Not applicable
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	(Not provide any product or service that may affect customer health and safety.)	Not applicable
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Management disclosure via FundNet or Homepage on Web.	16,29
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	(No incidence of violating regulations)	Not applicable
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Survey on customer satisfaction	31

GRI Index	Description	KSD Index	Page
Product Responsibility Performance Indicators			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	(No particular internal regulations provided since improper advertising and marketing are prohibited by law)	Not applicable
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Making efforts to comply with laws and regulations concerned via e-audit system	29
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Maintenance and safeguarding of customer information	31
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	(No incidence of violating laws or regulations)	Not applicable
Environmental Performance Indicators			
Disclosure on Management Approach			14
EN1	Materials used by weight or volume	Amount of paper used	38
EN2	Percentage of materials used that are recycled input materials	Encouraging recycled use of back page of used paper; separated disposal of waste paper and waste battery	38
EN3	Direct energy consumption by primary energy source	Energy consumption	38
EN4	Indirect energy consumption by primary source	Energy consumption	38
EN5	Energy saved due to conservation and efficiency improvements	Energy saving activity	37
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	LED light improvement, purchase of hybrid cars.	38
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Energy saving activity	37
EN8	Total water withdrawal by source	Water consumption	38
EN9	Water sources significantly affected by withdrawal of water	(Keeping using water supply)	Not applicable
EN10	Percentage and total volume of water recycled and reused	Waste water amount (collective disposal with sewage system)	38
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(No wildlife preservation area within business territory).	Not applicable
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	(No wildlife preservation area within business territory).	Not applicable
EN13	Habitats protected or restored	(No wildlife preservation area within business territory).	Not applicable
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	(No wildlife preservation area within business territory).	Not applicable
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	(No wildlife preservation area within business territory).	Not applicable
EN16	Total direct and indirect greenhouse gas emissions by weight	Total emission of greenhouse gas, direct or indirect	38
EN17	Other relevant indirect greenhouse gas emissions by weight	Other indirect greenhouse gas emission (indirect impact by officer's or worker's transportation during business trip or commuting.)	38
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Improving LED lights; energy saving activities.	38
EN19	Emissions of ozone-depleting substances by weight	(No emissions of ozone-depleting substances.)	Not applicable
EN20	NO, SO, and other significant air emissions by type and weight	(No emissions of NOx or SOx.)	Not applicable
EN21	Total water discharge by quality and destination	Waste water amount (collective disposal with sewage system)	38
EN22	Total weight of waste by type and disposal method	Method to dispose waste	38
EN23	Total number and volume of significant spills	(All of the waste lawfully disposed.)	Not applicable
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	(No incidence of shipping waste substances)	Not applicable

GRI Index	Description	KSD Index	Page
Environmental Performance Indicators			
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	(No wildlife preservation area within business territory).	Not applicable
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Efforts to enhance IT system energy efficiency in terms of environment.	22
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Currents and plans of using recycled paper and cartridges	41
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	(No incidence of violating regulations)	Not applicable
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Other plans to reduce indirect greenhouse gas emission, (indirect impact by officer's or worker's transportation during business trip or commuting.)	40
EN30	Total environmental protection expenditures and investments by type	Currents of environmental investment including green purchase.	41

GRI	Additional GRI Indexes for the Financial Services Industry	Page
FS1	Policies with specific environmental and social components applied to business lines	7
FS2	Procedures for assessing and screening environmental and social risks in business lines	Not applicable
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Not applicable
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	28
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	26
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	5
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	22,24
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Not applicable
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	29
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Not applicable
FS11	Percentage of assets subject to positive and negative environmental or social screening	Not applicable
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Not applicable
FS13	Access points in low-populated or economically disadvantaged areas by type	22
FS14	Initiatives to improve access to financial services for disadvantaged people	26
FS15	Policies for the fair design and sale of financial products and services	Not applicable
FS16	Initiatives to enhance financial literacy by type of beneficiary	26

G3 Guideline Application levels

Sustainability Report 2009 of KNHP is a report that complies with the standard disclosures of the GRI G3 Guidelines, and this report fulfills the requirement of "A+" level application presented as below.



Report Application Level

		C	C+	B	B+	A	A+
Standard Disclosures	<div><div>G3 Profile Disclosures</div><div>Output</div></div>	Report 1: 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus:1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	<div><div>G3 Management Approach Disclosures</div><div>Output</div></div>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	<div><div>G3 Performance Indicators & Sector Supplement Performance Indicators</div><div>Output</div></div>	Report on a minimum of 10 performance Indicators, including at least one from each of : Economic, Social and Environmental.		Report on a minimum of 20 performance Indicators, including at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either:a)reporting on the Indicator or b) explaining the reason for its omission	

“We are all ears to listen to your valuable opinion”

Anticipating that the sustainability report of Korea Securities Depository(KSD) will prove instrumental in realizing sustainability management, we will be all ears to listen to your valuable opinion. We would greatly appreciate it if you fill out the following survey, and send it to us by postal mail, fax or e-mail.

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1. Which of the following section did you find most interesting?

- ☐ Sustainability Management ☐ Economy ☐ Society ☐ Environment

2. How much useful was the following information in this report?

	Very Much	Much	Enough	Not Enough	Useless
Sustainability Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Society	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Was this report easy to read?

- ☐ Very much ☐ Much ☐ Enough ☐ Not enough ☐ Very little

4. How much did this report help you better understand our sustainability activities?

- ☐ Very much ☐ Much ☐ Enough ☐ Not enough ☐ Very little

5. Please feel free to give us your opinion on this report.

Thank you for the valuable opinions.

Associations and Memberships

Organization	Year of entry	Purpose of entry
Korean Securities Association	1981	To understand advancement of systems and scientific trends and encourage relevant studies related to KSD
ISSA (International Security service Association)	1988	To understand industry trends concerning deposit and settlement of securities and promote exchanges with related institutions
ICMA (International Capital Market Association)	1994	To obtain relevant information and data and utilize training opportunities
Korea Auditors Council	1999	Exchanges of information among auditors
Jeung-Gwon-Kumyo-Hoe, an academic council run by KOFIA	1999	To strengthen collaborative relationship among securities-related institutions
Seoul Chamber of Commerce & Industry	1999	Exchanges of information and publicity for transfer agency services agreement
Korea IR Council	2000	To provide support to communication among enterprises, shareholders and investors
RMA (Risk Management Association)	2000	SLB-related marketing and collection of information related to SLB
Association of Listed Companies' Auditors	2001	Exchanges of information among auditors
Seoul Economists Club	2001	To create collaborative relationship among CEOs
Securities Analysts Association	2001	To promote collaborative relationship with securities-related organizations
Innovation Forum for Directors of Public Organizations	2001	To cultivate officers' innovate mind from public institutions
Asset Management Association of Korea	2001	To conduct systematic studies on indirect investment markets, system, laws, products, etc.
Korea Management Association (KMA)	2001	To receive education provided by KMA and participate in the activities of study groups
Center for Financial Law(Seoul National University)	2002	To understand the latest trends of studies on financing-related systems and to promote academic activities
Institute for Global Economies	2002	To participate in the activities of an institute engaged in studying global economy
Korea Securities Law Association	2002	To encourage academic research activities laying grounds for establishing securities-related systems and policies
Korean Financial Management Association	2003	To encourage academic research activities and develop networks
ISDA (International Swaps and Derivatives Management Association)	2003	To collect information on derivatives products and understand major pending issues
Korea Association of Risk Professionals	2004	To provide cooperation to conduct studies on managing financial risk in Korea
Korea Financial Law Association	2004	To encourage the studies related to financial law and provide cooperation with study and research the financial law system
Korea Business Council for the Arts	2004	To fulfill its social responsibilities as a public corporation by giving support to activities related to corporate culture
Kwangju Chamber of Commerce & Industry	2004	Exchanges of information and publicity for transfer agency services agreement
Seoul Financial Forum	2005	To promote creation of a Northeast Asian financial hub and obtain information through participation in conferences and seminars
Korea Commercial Law Association	2005	To encourage academic research activities and develop networks
Korea Council for Investor Education	2005	To establish a sound and reasonable investment culture through investor education
Jeonbuk Regional Economic Council	2005	To provide securities services including consultancy on securities-related affairs and maintain cooperative relationship with related institutions
Korea Business Law Association	2006	Study on domestic and foreign business laws
Korea Association for Chief Financial Officers	2006	Activities to fulfill CFO's role
Korea Options, Swaps & Derivatives Association	2007	To understand the latest trends and major current issues of the market for derivatives products
Korea Payment & Settlement Association	2007	Studies on domestic and foreign payment & settlement systems
Innovation Promotion Council for Public Organizations	2007	To provide support to innovative activities by public institutions
ICOM (International Council of Museums)	2007	To secure networks with museums abroad and to obtain relevant information
Gyeonggi-do Council of Museums	2007	To obtain information and cooperate with members of the regional council of museums located in Gyeonggi-do
Korea Museum Association	2009	To obtain information from Korea's largest council of museums and publicity for museums

Evaluation of External Institutions

Award	Institutions	Year
Korea Ethical Management Grand Prix	Hankyung Business Weekly	2009
Korea Social Contribution Enterprise Grand Prix	Korea Economic Daily	2009
Korea Ethical Management Grand Prix	Hankyung Business Weekly	2008
Korea Corporate Communication Grand Prix	Korea Newsletter Association	2008
Korea Social Contribution Enterprise Grand Prix	Korea Economic Daily	2008
Achievement Award for Social Service Activities	Kwangju Metropolitan Social Welfare Council	2008
Korea Social Contribution Enterprise Grand Prix	Korea Economic Daily	2007
e-Biz Brand Innovation (Grand Prix)	Korea Economic Magazine	2007
e-Biz Brand Innovation (Customer Satisfaction Division)	Korea Economic Magazine	2007

